



City of Smyrna

**Georgia**

Comprehensive Annual  
Financial Report

Fiscal Year Ending June 30, 2016

# City of Smyrna, Georgia

## Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2016

Prepared by:  
Department of Finance  
2800 King Street / P. O. Box 1226  
Smyrna, Georgia 30081

**CITY OF SMYRNA, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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# **INTRODUCTORY SECTION**





City of Smyrna  
2800 King Street/P.O. Box 1226  
Smyrna Ga 30081  
(770) 434-6600/www.smyrnacity.com

December 20, 2016

Honorable Max Bacon, Mayor  
Members of City Council  
and the Citizens of the City of Smyrna, GA

The Comprehensive Annual Financial Report of the City of Smyrna, Georgia for the fiscal year ended June 30, 2016, is hereby submitted as mandated by State statute. The statute requires that the City of Smyrna, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Smyrna, Georgia. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of City of Smyrna's principal officials, department directors and elected officials, and an organizational chart. The financial section includes the management's discussion and analysis, basic financial statements, required supplementary information, combining and individual funds financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section includes selected financial, economic, and demographic information, generally presented on a multi-year basis.

Nichols, Cauley & Associates, LLC, a firm of certified public accountants, audited the City of Smyrna's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2016 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Smyrna's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first financial section component of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section.

## Reporting Entity

The financial reporting entity (City of Smyrna) includes all the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. The Downtown Smyrna Development Authority is included as a blended component units.

The City provides a full range of services to its estimated 56,146 citizens. Some of the services which are available to those residents include police and fire protection; court systems; library services; the construction and maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services. The City also provides water and sewer services, which are shown as an Enterprise Fund in this report.

## Government Structure, Local Economic Condition and Outlook

Smyrna was incorporated in 1872 as a municipality by the State of Georgia. Its land area encompasses approximately 15 square miles. Smyrna is located 10 miles northwest of Atlanta, Georgia and is part of the metropolitan Atlanta area. Known also as the "Jonquil City", it derives this name from the thousands of jonquils, which flourish in gardens and along the streets in early spring.

The governing body of the City is the Mayor and Council, which appoints a City Administrator to serve as the chief administrative officer. The Mayor and Council are empowered to levy taxes, establish fees and utility rates, adopt a budget, appoint committees and take other actions within the jurisdiction consistent with their function as a policy-making body. The City Administrator is responsible for the daily operations of the City government in accordance with the policies of the Mayor and Council.

The economic outlook for the City remains stable as a result of cost cutting initiatives begun by management at the beginning of the economic downturn. This proactive approach has positioned the City to be able to face the current economic climate and maintain a strong financial position. Property values had a slight increase in the current year, and with the planned development within the City, we are optimistic values will continue to increase in the future. The net assessment of property in the City increased 12.3 percent from \$1,698,104,252 to \$1,906,457,302. The unemployment rate was slightly lower than the state average. At June 30, 2016 the rate was 4.3 percent compared to the State average of 4.9 percent.

The City of Smyrna continues to benefit economically by being an integral part of one of the top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer services leader. Georgia's geographically central location for domestic distribution, excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

## Accounting and Budgetary Controls

Management of the City of Smyrna is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements

in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

The City maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the Mayor and Council. Statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution. The City Administrator is responsible for preparing the annual budget, which is then submitted to the Mayor and Council for discussion and adoption.

The applicable State statutes require that the City not exceed its budget at the department level. The legal level of City budget control (the level at which expenditures may not exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative budgetary control is maintained internally at an object of expenditure level within the department or function. The City Administrator can authorize the transfer of appropriations among accounts within their department's budget. The Mayor and Council must approve all other transfers or supplemental appropriations. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

The City maintains an encumbrance accounting system as another means of accomplishing budgetary control. Encumbered amounts at year-end are reported within restricted, committed, or assigned fund balances of governmental funds and carried forward into the ensuing year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### Long-term Financial Planning and Policies

As part of its strategic plan, the Mayor and Council continue to set aside monies for future occurrences. This includes committing funds for future retirement obligations, capital projects and vehicle replacement. All of these committed funds ensure the City's strong financial position.

The Mayor and Council have adopted a minimum fund balance policy. This policy requires 25% of expenditures to be maintained. The City exceeded this minimum for the current year.

### Awards and Acknowledgements

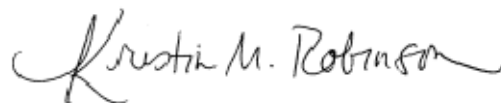
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that

our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the various City departments and officials, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

We would also like to thank the Mayor and members of Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. We believe that the accomplishments that have been identified in this transmittal letter and the accompanying MD&A section clearly indicate that the Mayor and Council has effectively and efficiently planned and managed the resources that were entrusted to them by the Citizens of the City.

Respectfully submitted,

A handwritten signature in dark ink, reading "Kristin M. Robinson". The signature is fluid and cursive, with the first name "Kristin" and last name "Robinson" clearly legible.

Kristin Robinson  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Smyrna  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

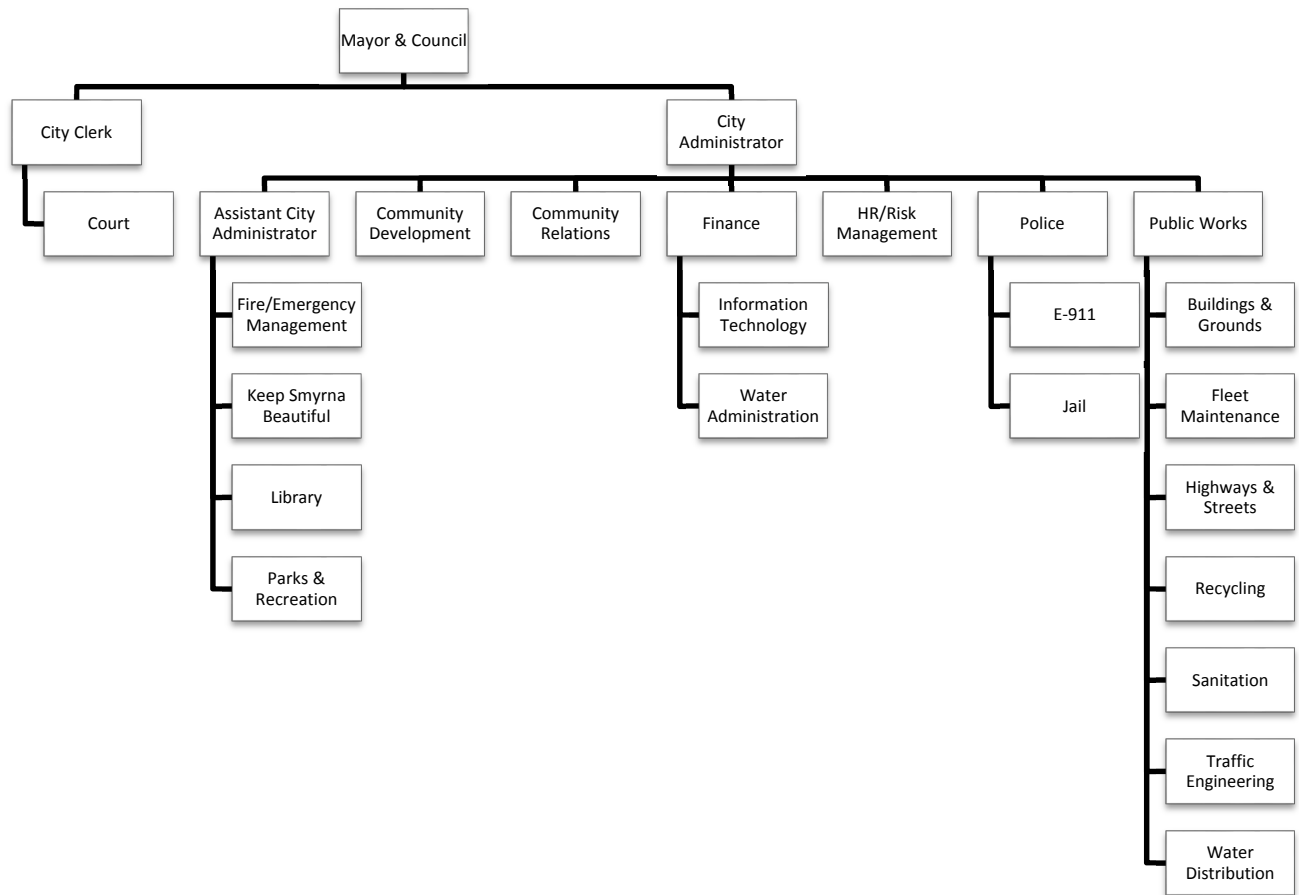
**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

# City of Smyrna, Georgia

## Organizational Chart



# City of Smyrna, Georgia

## Principal Officials

### Mayor & City Council



A. Max Bacon  
Mayor

Derek Norton  
Ward 1

Andrea Blustein  
Ward 2

Teri Anulewicz  
Ward 3

Charles Welch  
Ward 4

Susan Wilkinson  
Ward 5

Doug Stoner  
Ward 6

Ron Fennel  
Ward 7

### Appointed Officials

Terri Graham  
City Clerk / Court Services

Mike Jones  
City Administrator

Tammi Saddler Jones  
Assistant City Administrator

#### Department Heads

Ann Kirk  
Director of KSB

Roy Acree  
Fire Chief/ Emergency Mgt. Director

Mary Moore  
Library Director

Jennifer Bennett  
Community Relations Director

Kay Bolick  
Director of Human Resources

Kristin Robinson  
Director of Finance

David Lee  
Chief of Police

Scott Stokes  
Public Works Director

Ken Suddreth  
Director of Community Development

Vacant  
Director of Parks and Recreation

## **FINANCIAL SECTION**





## **NICHOLS, CAULEY & ASSOCIATES, LLC**

1825 Barrett Lakes Blvd, Suite 200  
Kennesaw, Georgia 30144  
770-422-0598 FAX 678-214-2355  
kennesaw@nicholscauley.com

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable A. Max Bacon, Mayor  
Members of the City Council  
City of Smyrna  
Smyrna, Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, and the Post Employment Health Care Plan Schedule of Funding Progress and Employer Contributions on pages 4-11 and 49-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smyrna, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Car Rental Tax Schedule of Revenue Received and Expenditures Incurred, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred, and the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-93, 48-13-51, and 48-8-121, respectively, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund

financial statements and schedules and the compliance section are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the City of Smyrna, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Smyrna, Georgia's internal control over financial reporting and compliance.

*Richels, Cauley + Associates, LLC*

Kennesaw, Georgia

December 20, 2016

## Management's Discussion and Analysis

As management of the City of Smyrna, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the information in the financial statements and the notes to the financial statements.

### Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ The City's combined net position increased \$12.8 million to \$165.3 million from \$152.4 million in 2016.
- ◆ Combined revenue increased \$3.5 million to \$76.7 million in 2016, of which governmental activities totaled \$56.9 million and business-type activities totaled \$19.8 million.
- ◆ Overall expenses totaled \$63.5 million of which governmental activities totaled \$48 million and business-type activities totaled \$15.4 million.
- ◆ As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$31.5 million. Approximately 39.0% is available for use (unassigned fund balance).
- ◆ As of June 30, 2016, unassigned fund balance for the general fund was \$12.6 million, or 34.4% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Smyrna's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's operations, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

*The statement of net position* presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g.

uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety, public works, housing and development, and culture and recreation. The business-type activities include the water and sewer system.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

**Governmental Funds.** Most of the basic services provided by the City are financed through governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three governmental fund types: the General Fund, Special Revenue Funds, and the Capital Projects Funds. Three individual funds are considered major funds – the General Fund, the Hickory Lake Apartments Fund, and the 1% Road Improvement Tax (SPLOST) Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Proprietary Funds.** Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. The City maintains its Water and Sewer Fund as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Fiduciary Funds** Fiduciary Funds account for the assets held by the City in a trustee capacity for

individuals. The City's OPEB Trust Fund is utilized to account for the activity of the City's OPEB Plan and is not reflected in the government-wide financial statements because the resources are not available to support the City's operations or programs.

The fiduciary fund financial statements can be found on pages 21 and 22.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-48 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budgetary comparison for the General Fund. Required supplementary information can be found on pages 49-53 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$165.3 million at June 30, 2016.

The largest portion of the City's net position (88.1%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and other assets	\$ 26,814,183	\$ 28,557,916	\$ 13,619,315	\$ 12,935,368	\$ 40,433,498	\$ 41,493,284
Capital assets	152,595,141	142,491,395	24,441,831	23,344,008	177,036,972	165,835,403
Restricted assets - non current	9,959,828	12,648,094	557,005	542,822	10,516,833	13,190,916
Total assets	189,369,152	183,697,405	38,618,151	36,822,198	227,987,303	220,519,603
Deferred outflows of resources:	4,504,715	1,890,117	220,381	73,757	4,725,096	1,963,874
<b>Liabilities:</b>						
Current liabilities	5,574,943	6,870,067	1,708,140	1,949,139	7,283,083	8,819,206
Long-term liabilities outstanding	57,722,403	55,812,951	1,473,555	1,889,926	59,195,958	57,702,877
Total liabilities	63,297,346	62,683,018	3,181,695	3,839,065	66,479,041	66,522,083
Deferred inflows of resources:	943,313	3,440,401	15,275	76,901	958,588	3,517,302
<b>Net position:</b>						
Net investment in capital assets	121,837,996	111,254,960	23,727,778	22,088,286	145,565,774	133,343,246
Restricted	7,630,174	11,406,509	-	-	7,630,174	11,406,509
Unrestricted	165,038	(3,197,366)	11,913,784	10,891,703	12,078,822	7,694,337
Total net position	\$ 129,633,208	\$ 119,464,103	\$ 35,641,562	\$ 32,979,989	\$ 165,274,770	\$ 152,444,092

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

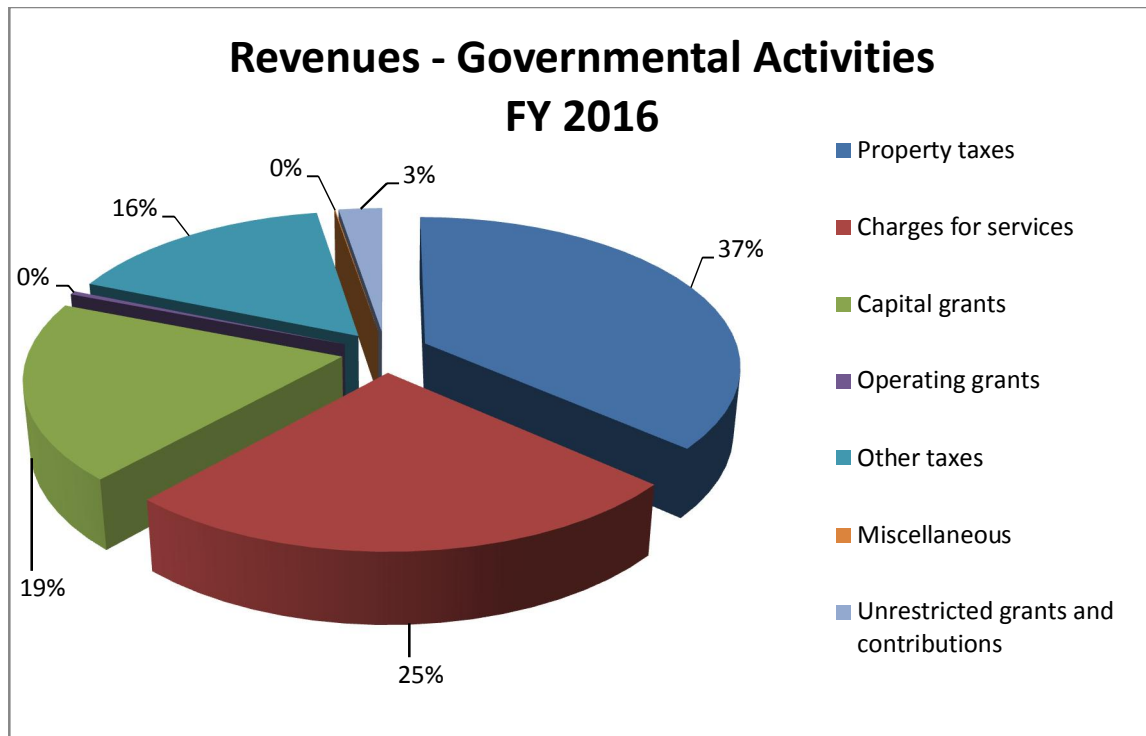
As of June 30, 2016, the City is able to report positive balances in net position for the governmental and business-type activities.

For fiscal year 2016, the City's net position increased \$12.8 million.

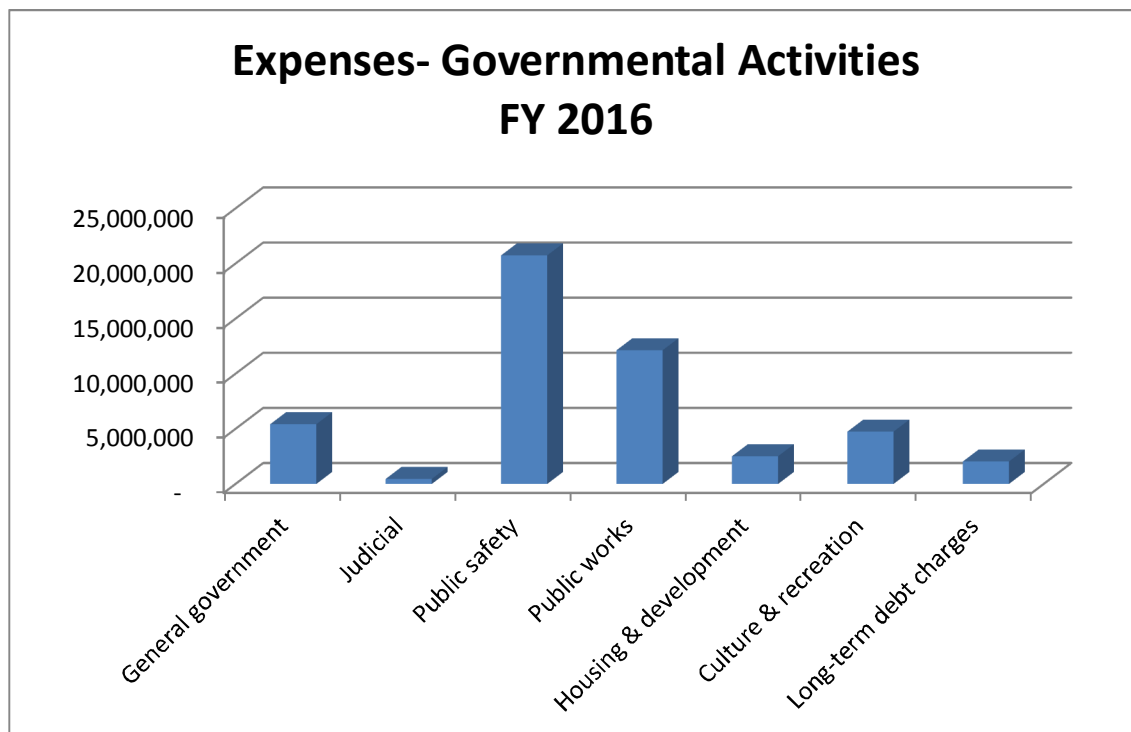
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 14,357,939	\$ 14,160,254	\$ 19,054,100	\$ 18,551,309	\$ 33,412,039	\$ 32,711,563
Operating grants and contributions	223,914	147,404	-	-	223,914	147,404
Capital grants and contributions	10,935,026	10,544,682	731,107	156,789	11,666,133	10,701,471
General revenues:						
Property taxes	20,777,333	19,324,509	-	-	20,777,333	19,324,509
Other taxes	9,131,577	8,524,380	-	-	9,131,577	8,524,380
Grants and contributions not restricted to specific programs	1,472,471	1,401,222	-	-	1,472,471	1,401,222
Unrestricted investment earnings	34,737	29,854	17,237	-	51,974	29,854
Gain on sale of capital assets	-	346,475	-	-	-	346,475
Total revenues	<u>56,932,997</u>	<u>54,478,780</u>	<u>19,802,444</u>	<u>18,708,098</u>	<u>76,735,441</u>	<u>73,186,878</u>
Expenses:						
General government	5,420,066	6,698,341	-	-	5,420,066	6,698,341
Judicial	455,612	440,520	-	-	455,612	440,520
Public safety	20,736,794	16,411,663	-	-	20,736,794	16,411,663
Public works	12,129,044	13,822,512	-	-	12,129,044	13,822,512
Housing and development	2,514,369	1,692,161	-	-	2,514,369	1,692,161
Culture and recreation	4,745,312	3,355,658	-	-	4,745,312	3,355,658
Water and sewer	-	-	15,449,744	14,701,631	15,449,744	14,701,631
Interest & fiscal charges	2,035,725	2,466,637	-	-	2,035,725	2,466,637
Total expenses	<u>48,036,922</u>	<u>44,887,492</u>	<u>15,449,744</u>	<u>14,701,631</u>	<u>63,486,666</u>	<u>59,589,123</u>
Change in net position before transfers and special item	8,896,075	9,591,288	4,352,700	4,006,467	13,248,775	13,597,755
Special item	(418,097)	(3,542,116)	-	-	(418,097)	(3,542,116)
Transfers	<u>1,691,127</u>	<u>1,633,224</u>	<u>(1,691,127)</u>	<u>(1,633,224)</u>	<u>-</u>	<u>-</u>
Change in net position	10,169,105	7,682,396	2,661,573	2,373,243	12,830,678	10,055,639
Net position- beginning	<u>119,464,103</u>	<u>111,781,707</u>	<u>32,979,989</u>	<u>30,606,746</u>	<u>152,444,092</u>	<u>142,388,453</u>
Net position - ending	<u>\$ 129,633,208</u>	<u>\$ 119,464,103</u>	<u>\$ 35,641,562</u>	<u>\$ 32,979,989</u>	<u>\$ 165,274,770</u>	<u>\$ 152,444,092</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$10.2 million. Increases in property values and continued development within the City provided increased tax revenue which was a large contributor to this increase. In addition, the City was able to reduce expenses from amounts originally anticipated.

Property tax revenue increased 7.5% as the result of increased personal property taxes. Revenue for Charges for Services increased 1.4%, and Other Taxes rose 7.1%.



Governmental activity revenues are generated from a variety of sources including fees, grants, intergovernmental transfers and taxes. Taxes are the majority revenue source for the City at 52.5% of total revenue.





Governmental activity expenses generate a variety of services. The largest use of funds is for public safety (fire and police) and public works (streets, traffic engineering, sanitation and Keep Smyrna Beautiful). General government includes administrative activities such as human resources, information technology, finance, community relations, etc., and maintenance of government property.

Public safety expense reflects the city's desire to invest in this important area. Public works expense includes SPLOST expenditures and culture and recreation expense reflects expenditure of hotel/motel taxes to promote tourism.

**Business-Type Activities.** Business type revenues exceeded expenses (including transfers out of \$1.7 million) resulting in an increase in net position of \$2.7 million. Increased utility rates and the management of capital projects contributed to the operating revenue increase in FY 2016. Rates are scheduled to increase as needed on an ongoing annual basis.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City of Smyrna uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financial requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$31.5 million. Of this total, \$12.3 million or 39.0% constitutes *unassigned fund balance*, which is available for spending in the coming year. The remainder of fund balance is *Nonspendable, Restricted, Committed, or Assigned* to indicate that it is not available for new spending because it is not in spendable form (\$558,246), restricted (\$13,064,744), committed (\$5,493,790), or assigned (\$74,678) for a particular purpose.

### **Major Governmental Funds**

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$12.6 million, and total fund balance was \$17.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund Balance and total Fund Balance to total fund expenditures. Unassigned Fund Balance represents 34.4% of total general fund expenditures and total fund balance represents 47.7% of that same amount.

In FY 2016, the total fund balance of the General Fund increased \$1.7 million.

The key factor to this increase is:

- ◆ The City had higher than anticipated revenues and was able to reduce expenditures from amounts originally anticipated during the budget process. In addition, vacant positions within the City provided savings from initial estimates.

The Hickory Lake Apartments Fund is restricted to the redevelopment of that designated area. The fund balance at the end of FY 2016 is \$3.9 million. This is an increase of \$1.1 million over the prior year.

The 1% Road Improvement Tax (SPLOST) Fund is used to account for financial resources collected and used for construction and enhancement of the city's infrastructure. The fund balance decreased \$3.2 million from \$9.1million to \$5.9 million as tax proceeds were less than project expenditures.

### **Non-Major Governmental Funds**

*The Special Revenue Funds* are used to account for the City's collection and disbursement of specific revenues that are legally restricted to expenditures for specified purposes. Included in this classification are: Confiscated Assets, Hotel/Motel Tax Fund, Multiple Grant Fund, Auto Rental Tax, Emergency 911 Telephone Fund, Housing and Urban Development Grant Fund (CDBG), and the Tax Allocation District.

*The Capital Project Funds* are used to account for financial resources that are *restricted* or *committed* to be used for the acquisition or construction of major capital facilities. Included in this classification are: Capital Fund, Downtown Smyrna Development Authority, Parks and Recreation Fund, Capital Projects Fund, and Bio Diesel Fund.

Non-major governmental funds revenues and other financing sources totaled \$12.9 million for the fiscal year ended June 30, 2016. Non-major governmental funds expenditures and other financing uses totaled \$13.4 million. Fund balance for all non-major governmental funds was a surplus of \$4.2 million.

***Proprietary Fund.*** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The City has one enterprise fund, which is the Water and Sewer Fund.

The *Unrestricted* Net Position for Water and Sewer is \$11.9 million. Total net position increased \$2.7 million. The *Restricted* Cash Balance totals \$0.6 million as of June 30, 2016.

### **General Fund Budgetary Highlights**

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the General Fund. The original budget of \$42,301,572 was amended to \$43,004,572 in a series of budget amendments. These amendments were necessary to meet changing economic conditions. Tax revenue exceeded the budgeted amount as a result of an higher than anticipated increase in the digest and collection rate. License and permit revenue exceeded the budget due to the rebounding of business and construction within the City. Intergovernmental revenues exceed the budget due to higher than anticipated collections from the City's HB 489 distribution. General government had a positive budget variance from personnel vacancies, lower than anticipated repair and maintenance costs, and reductions in planned equipment purchases. Public safety, public works, and culture and recreation all had positive expenditure variances mainly due to reduced personnel costs from position vacancies throughout the year.

### **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$177.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the city, such as roads, bridges, sidewalks, drainage, curb and gutter and the water and sewer systems.

The net increase in the City's investment in capital assets for fiscal year 2016 was 6.8% from \$165.8 million to \$177.0 million, an increase of \$11.2 million. Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements of this report.

**Long-term obligations.** As of June 30, 2016, the City of Smyrna had a net of \$59.2 million in outstanding long-term obligations, which does not include interest expense. The City has no general obligation debt. Additional information on the City's long-term obligations can be found in Note 8 of the notes to the financial statements of this report.

## **Economic Factors**

The Mayor and Council, along with a dedicated staff of professionals, have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures, and an extensive budgeting process.

The City's top priorities will continue to be the redevelopment of older neighborhoods and aging commercial areas, parks and transportation. There are two major financial issues for FY 2017 and beyond:

- Commercial redevelopment. There are several major projects; both public and private, that are in various stages of redevelopment. Once completed these projects will bring major commercial and residential development to downtown Smyrna and surrounding areas.
- Continued transportation improvements to roads, sidewalks and traffic issues using the Cobb County 1% Special Local Option Sales Tax (SPLOST) approved by voters in 2011, and again in 2016.

Smyrna continues to change and mature. The City's 15-year downtown redevelopment plan, capped by the award-winning Market Village, has been a catalyst for millions of dollars of investment and redevelopment in Smyrna, with restaurants and retail establishments once again flourishing in downtown Smyrna.

## **Request for Information**

This financial report is designed to provide a general overview of the City of Smyrna's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Smyrna, Office of the Finance Director, 2800 King Street, Smyrna, Georgia, 30080. Budget information can be obtained by going to [www.smyrnacity.com](http://www.smyrnacity.com), and selecting financial documents from the drop down menu on quick links.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets:			
Cash	\$ 18,787,083	\$ 11,392,583	\$ 30,179,666
Receivables, net:			
Trade	893,712	2,219,155	3,112,867
Taxes	272,346	-	272,346
Other	102,875	-	102,875
Internal balances	145	(145)	-
Due from other governments	1,978,472	-	1,978,472
Inventories	395,398	-	395,398
Prepaid items	162,848	7,722	170,570
Restricted assets	9,959,828	557,005	10,516,833
Capital assets, non depreciated	39,946,987	-	39,946,987
Capital assets, depreciated, net	112,648,154	24,441,831	137,089,985
Note receivable	3,793,628	-	3,793,628
Net OPEB asset	427,010	-	427,010
Other assets, net	666	-	666
Total assets	<u>189,369,152</u>	<u>38,618,151</u>	<u>227,987,303</u>
Deferred outflows of resources:			
Related to pensions	4,187,241	220,381	4,407,622
Unamortized deferred loss	317,474	-	317,474
Total deferred outflows of resources	<u>4,504,715</u>	<u>220,381</u>	<u>4,725,096</u>
Liabilities:			
Accounts payable and other current liabilities	4,178,705	1,103,952	5,282,657
Unearned revenue	68,314	-	68,314
Deposits payable	451,158	557,005	1,008,163
Accrued interest payable	876,766	-	876,766
Due to other governments	-	47,183	47,183
Noncurrent liabilities:			
Due within one year	3,434,548	587,469	4,022,017
Due in more than one year	54,287,855	886,086	55,173,941
Total liabilities	<u>63,297,346</u>	<u>3,181,695</u>	<u>66,479,041</u>
Deferred inflows of resources:			
Related to pensions	290,230	15,275	305,505
Accumulated fair value of hedge transaction	653,083	-	653,083
Total deferred outflows of resources	<u>943,313</u>	<u>15,275</u>	<u>958,588</u>
Net Position:			
Net investment in capital assets	121,837,996	23,727,778	145,565,774
Restricted for:			
Healthcare	60,194	-	60,194
Culture and recreation	965,122	-	965,122
Housing and development	306,724	-	306,724
Completion of projects	5,900,012	-	5,900,012
Public safety	398,122	-	398,122
Unrestricted	165,038	11,913,784	12,078,822
Total net position	<u>\$ 129,633,208</u>	<u>\$ 35,641,562</u>	<u>\$ 165,274,770</u>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities		Total
			Grants and Contributions	Capital Grants and Contributions				
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 5,420,066	\$ 2,154,783	\$ -	\$ -	\$ (3,265,283)	\$ -	\$ -	\$ (3,265,283)
Judicial	455,612	1,933,328	-	-	1,477,716	-	-	1,477,716
Public safety:								
Police	11,437,187	114,460	181,028	802,469	(10,339,230)	-	-	(10,339,230)
Fire	6,920,584	-	-	1,936	(6,918,648)	-	-	(6,918,648)
Emergency 911	2,379,023	1,285,861	-	-	(1,093,162)	-	-	(1,093,162)
Public works	12,129,044	6,465,148	-	9,188,794	3,524,898	-	-	3,524,898
Housing and development	2,514,369	1,129,179	-	-	(1,385,190)	-	-	(1,385,190)
Culture and recreation	4,745,312	1,275,180	42,886	941,827	(2,485,419)	-	-	(2,485,419)
Interest & fiscal charges on long-term debt	2,035,725	-	-	-	(2,035,725)	-	-	(2,035,725)
Total governmental activities	48,036,922	14,357,939	223,914	10,935,026	(22,520,043)	-	-	(22,520,043)
<b>Business-type activities:</b>								
Water and Sewer	15,449,744	19,054,100	-	731,107	-	4,335,463	-	4,335,463
Total business-type activities	15,449,744	19,054,100	-	731,107	-	4,335,463	-	4,335,463
Total Primary Government	\$ 63,486,666	\$ 33,412,039	\$ 223,914	\$ 11,666,133	\$ (22,520,043)	\$ 4,335,463	\$ (18,184,580)	
General revenues:								
Property taxes					20,777,333	-	-	20,777,333
Hotel, motel tax					1,388,254	-	-	1,388,254
Insurance premium tax					2,953,912	-	-	2,953,912
Franchise taxes					3,837,622	-	-	3,837,622
Alcohol taxes					834,312	-	-	834,312
Miscellaneous taxes					117,477	-	-	117,477
Operating grants not restricted to a specific program					1,472,471	-	-	1,472,471
Unrestricted investment earnings					34,737	17,237	-	51,974
Special item - Loss on sale of land held for sale					(418,097)	-	-	(418,097)
Transfers					1,691,127	(1,691,127)	-	-
Total general revenues and transfers					32,689,148	(1,673,890)	-	31,015,258
Change in net position					10,169,105	2,661,573	-	12,830,678
Net assets - beginning					119,464,103	32,979,989	-	152,444,092
Net position - ending					\$ 129,633,208	\$ 35,641,562	\$	\$ 165,274,770

**CITY OF SMYRNA, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Hickory Lake Apartments	1% Road Improvement Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash	\$ 16,977,274	\$ -	\$ -	\$ 1,809,809	\$ 18,787,083
Restricted cash	863,533	506,447	5,637,715	1,460,669	8,468,364
Receivables, net:					
Trade	893,712	-	-	-	893,712
Taxes	215,072	-	57,274	-	272,346
Other	-	-	-	102,875	102,875
Due from other funds	445,310	-	-	-	445,310
Due from other governments	272,061	-	1,612,644	93,767	1,978,472
Inventories	395,398	-	-	-	395,398
Restricted investments	-	-	-	1,491,464	1,491,464
Prepaid items	158,215	-	-	4,633	162,848
Land held for sale	-	3,793,628	-	-	3,793,628
Total assets	<u>\$ 20,220,575</u>	<u>\$ 4,300,075</u>	<u>\$ 7,307,633</u>	<u>\$ 4,963,217</u>	<u>\$ 36,791,500</u>
<b>Liabilities and fund balances:</b>					
Liabilities					
Accounts payable	\$ 1,537,477	\$ 352,333	\$ 1,143,643	\$ 252,313	\$ 3,285,766
Accrued liabilities	593,570	-	-	29,081	622,651
Retainage payable	-	-	263,978	6,310	270,288
Unearned revenue	51,229	-	-	17,085	68,314
Due to other funds	-	-	-	445,165	445,165
Customer deposits	451,158	-	-	-	451,158
Total liabilities	<u>2,633,434</u>	<u>352,333</u>	<u>1,407,621</u>	<u>749,954</u>	<u>5,143,342</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	<u>179,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,404</u>
<b>Fund Balances:</b>					
Nonspendable:					
Prepays	158,215	-	-	4,633	162,848
Inventories	395,398	-	-	-	395,398
Restricted for:					
Healthcare	60,194	-	-	-	60,194
Capital projects	-	-	5,900,012	1,491,461	7,391,473
Public safety	91,523	-	-	301,966	393,489
Culture and recreation	105,264	-	-	859,858	965,122
Housing and development	155,395	-	-	151,329	306,724
Debt service	-	3,947,742	-	-	3,947,742
Committed for:					
Healthcare	500,000	-	-	-	500,000
Retirement plans	307,380	-	-	-	307,380
Capital projects	1,025,000	-	-	1,681,805	2,706,805
Debt service	1,979,605	-	-	-	1,979,605
Assigned for:					
Public safety	1,084	-	-	-	1,084
Culture and recreation	73,594	-	-	-	73,594
Unassigned	<u>12,555,085</u>	<u>-</u>	<u>-</u>	<u>(277,789)</u>	<u>12,277,296</u>
Total fund balances	<u>17,407,737</u>	<u>3,947,742</u>	<u>5,900,012</u>	<u>4,213,263</u>	<u>31,468,754</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,220,575</u>	<u>\$ 4,300,075</u>	<u>\$ 7,307,633</u>	<u>\$ 4,963,217</u>	<u>\$ 36,791,500</u>

See Accompanying Notes to Financial Statements.

**CITY OF SMYRNA, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 31,468,754
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	152,595,141
The cumulative inflow from effective hedge transactions are deferred and reported as deferred inflows in the statement of net position	(653,083)
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported or reported as unavailable in the funds:	
Property taxes	179,404
Note receivable	3,793,628
Land held for sale related to note receivable	(3,793,628)
Unamortized bond insurance	666
Net OPEB asset	427,010
Deferred outflows related to pension	4,187,241
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds payable	(38,889,918)
Unamortized deferred loss on refunding	317,474
Unamortized debt premium	(1,235,820)
Unamortized debt discount	116,399
Accrued interest payable	(876,766)
Capital leases payable	(316,222)
Intergovernmental agreement payable	(993,038)
Certificates of participation	(1,756,000)
Interest rate swap	653,083
Accrued compensated absences	(870,347)
Deferred inflows of resources related to pension	(290,230)
Net pension liability	(14,430,540)
Net position of governmental activities	<u><u>\$ 129,633,208</u></u>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Hickory Lake Apartments	1% Road Improvement Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 27,803,043	\$ -	\$ 498,425	\$ 1,591,760	\$ 29,893,228
Charges for services	8,230,640	-	-	1,243,014	9,473,654
Licenses and permits	2,774,834	-	-	-	2,774,834
Fines and forfeitures	1,521,404	-	-	-	1,521,404
Intergovernmental	1,409,333	-	10,295,315	428,415	12,133,063
Investment earnings	3,392	1,121	8,538	30,224	43,275
Miscellaneous revenue	581,968	-	-	-	581,968
<b>Total revenues</b>	<b>42,324,614</b>	<b>1,121</b>	<b>10,802,278</b>	<b>3,293,413</b>	<b>56,421,426</b>
<b>Expenditures:</b>					
Current:					
General government	12,351,227	-	-	-	12,351,227
Judicial	352,985	-	-	-	352,985
Public safety					
Police	7,825,939	-	-	83,422	7,909,361
Fire	5,142,889	-	-	1,154	5,144,043
Emergency 911	-			2,163,664	2,163,664
Other	30,299	-	-	-	30,299
Public works	6,905,763	-	-	-	6,905,763
Culture and recreation	2,772,787	-	-	1,137,228	3,910,015
Housing and development	1,026,054	-	-	248,240	1,274,294
Capital outlay	-	-	15,204,581	1,897,346	17,101,927
Debt service					
Principal, interest, and fees	120,754	-	150,000	5,791,436	6,062,190
<b>Total expenditures</b>	<b>36,528,697</b>	<b>-</b>	<b>15,354,581</b>	<b>11,322,490</b>	<b>63,205,768</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,795,917</b>	<b>1,121</b>	<b>(4,552,303)</b>	<b>(8,029,077)</b>	<b>(6,784,342)</b>
<b>Other financing sources (uses):</b>					
Transfers in	2,093,148	1,049,990	124,700	6,830,759	10,098,597
Insurance reimbursements	60,932	-	-	-	60,932
Sale of capital assets	47,004	-	131,228	124,700	302,932
Debt issued	-	-	-	2,634,990	2,634,990
Intergovernmental agreement proceeds	-	-	1,130,545	-	1,130,545
Transfers out	(6,334,359)	-	-	(2,073,111)	(8,407,470)
<b>Total other financing sources (uses)</b>	<b>(4,133,275)</b>	<b>1,049,990</b>	<b>1,386,473</b>	<b>7,517,338</b>	<b>5,820,526</b>
<b>Net change in fund balance</b>	<b>1,662,642</b>	<b>1,051,111</b>	<b>(3,165,830)</b>	<b>(511,739)</b>	<b>(963,816)</b>
<b>Fund balance at beginning of year</b>	<b>15,745,095</b>	<b>2,896,631</b>	<b>9,065,842</b>	<b>4,725,002</b>	<b>32,432,570</b>
<b>Fund balance at end of year</b>	<b>\$ 17,407,737</b>	<b>\$ 3,947,742</b>	<b>\$ 5,900,012</b>	<b>\$ 4,213,263</b>	<b>\$ 31,468,754</b>



**CITY OF SMYRNA, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (963,816)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(6,069,509)	
Capital outlays	17,009,136	10,939,627

Loss on disposal of capital assets is not reported in the fund statements	(1,282,805)
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Donations of capital assets is not reported in the fund financial statements	446,924
--	---------

Loss on sale of land held for sale is not reported in the fund statements	(418,097)
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The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	21,800
--	--------

OPEB contributions in excess of annual actuarial costs are recorded as expenses in the governmental funds	(266,625)
---	-----------

This issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(3,765,535)
--	-------------

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.	3,915,369
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Net pension liability	(2,380,659)	
Deferred outflows of resources related to pensions	2,785,857	
Deferred inflows of resources related to pensions	1,170,897	
Accrued compensated absences	8,122	
Prepaid bond insurance	(1,999)	
Accrued interest expense	(14,260)	
Amortization of deferred loss, debt premium, and debt discount	(25,695)	1,542,263

Change in net position of governmental activities	\$10,169,105
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**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2016**

	<u>Water and Sewer Enterprise Fund</u>
<b>Assets:</b>	
Current assets:	
Cash	\$ 11,392,583
Trade receivables, net	2,219,155
Prepaid expenses	7,722
Total current assets	<u>13,619,460</u>
Noncurrent assets	
Restricted assets:	
Cash	557,005
Property, plant and equipment, net	24,441,831
Total noncurrent assets	<u>24,998,836</u>
<b>Total assets</b>	<u>38,618,296</u>
<b>Deferred outflows of resources:</b>	
Related to pensions	<u>220,381</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	1,042,201
Accrued liabilities	61,751
Due to other funds	145
Due to other governments	47,183
Customer deposits	557,005
Capital lease - current	587,469
Total current liabilities	<u>2,295,754</u>
Long-term liabilities (net of current portion):	
Capital lease payable	126,584
Net pension liability	759,502
Total noncurrent liabilities	<u>886,086</u>
<b>Total liabilities</b>	<u>3,181,840</u>
<b>Deferred inflows of resources:</b>	
Related to pensions	<u>15,275</u>
<b>Net position:</b>	
Net investment in capital assets	23,727,778
Unrestricted	11,913,784
<b>Total net position</b>	<u>\$ 35,641,562</u>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Water and Sewer Enterprise Fund
<b>Operating revenues:</b>	
Charges for services	\$ 19,047,682
Other revenues	6,418
	<hr/>
<b>Total operating revenues</b>	19,054,100
	<hr/>
<b>Operating expenses:</b>	
Personal services and employee benefits	1,314,564
Other operating expenses	13,127,429
Depreciation	966,268
	<hr/>
<b>Total operating expenses</b>	15,408,261
	<hr/>
<b>Operating income</b>	3,645,839
	<hr/>
<b>Nonoperating revenues (expenses):</b>	
Interest income	17,237
Interest expense and fees	(41,483)
	<hr/>
<b>Total nonoperating revenues (expenses)</b>	(24,246)
	<hr/>
<b>Income (loss) before transfers and capital contributions</b>	3,621,593
	<hr/>
<b>Other financing sources (uses):</b>	
Capital contributions	731,107
Transfers out	(1,691,127)
	<hr/>
<b>Total other financing sources (uses)</b>	(960,020)
	<hr/>
<b>Change in net position</b>	2,661,573
	<hr/>
<b>Net positon, beginning of year</b>	32,979,989
	<hr/>
<b>Net position, end of year</b>	\$ 35,641,562
	<hr/> <hr/>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Water and Sewer Enterprise Fund</u>
<b>Cash flows from (to) operating activities:</b>	
Cash received from customers	\$ 19,159,911
Cash payments to suppliers for goods and services	(13,258,246)
Cash payments for employee services and fringe benefits	(1,491,829)
<b>Net cash from (to) operating activities</b>	<u>4,409,836</u>
<b>Cash flows from (to) noncapital financing activities:</b>	
Transfers out	(1,691,127)
<b>Net cash from (to) noncapital financing activities</b>	<u>(1,691,127)</u>
<b>Cash flows from (to) capital and related financing activities:</b>	
Acquisition and construction of capital assets	(1,332,984)
Principal payments on capital lease	(541,669)
Interest paid on revenue bonds and capital lease	(41,483)
<b>Net cash from (to) capital and related financing activities</b>	<u>(1,916,136)</u>
<b>Cash flows from (to) investing activities:</b>	
Interest earned on assets	17,237
<b>Net cash from (to) investing activities</b>	<u>17,237</u>
<b>Net increase (decrease) in cash</b>	819,810
<b>Cash at beginning of year (including \$542,822 in restricted accounts)</b>	11,129,778
<b>Cash at end of year (including \$557,005 in restricted accounts)</b>	<u><u>\$ 11,949,588</u></u>
<b>Reconciliation of operating income to net cash from operating activities:</b>	
Operating income	\$ 3,645,839
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	966,268
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	91,628
(Increase) decrease in due from other funds	30,126
(Increase) decrease in prepaid expenses	(219)
(Increase) decrease in deferred outflows of resources	(146,624)
Increase (decrease) in accounts payable	(170,230)
Increase (decrease) in customer deposits	14,183
Increase (decrease) in due to other funds	145
Increase (decrease) in due to other governments	9,361
Increase (decrease) in net pension liability	125,298
Increase (decrease) in accrued liabilities	(94,313)
Increase (decrease) in deferred inflows of resources	(61,626)
<b>Net cash from operating activities</b>	<u><u>\$ 4,409,836</u></u>
<b>Noncash investing, capital and financing activities:</b>	
Capital assets contributed from developers was \$731,107.	

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**JUNE 30, 2016**

	<u>OPEB TRUST FUND</u>
<b>Assets:</b>	
Current assets:	
Investments - money market mutual funds	<u>\$ 1,839,300</u>
<b>Total assets</b>	<u>1,839,300</u>
<b>Net position:</b>	
Restricted for other post employment benefits	<u>1,839,300</u>
<b>Total net position</b>	<u><u>\$ 1,839,300</u></u>

**CITY OF SMYRNA, GEORGIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>OPEB TRUST FUND</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 575,702
Employee	<u>144,702</u>
Total contributions	720,404
Net appreciation (depreciation) in fair value of assets	<u>(11,270)</u>
<b>Total additions</b>	<u>709,134</u>
<b>Deductions:</b>	
Benefits and claims	<u>564,621</u>
<b>Total deductions</b>	<u>564,621</u>
<b>Change in net position</b>	144,513
<b>Net position held in trust, beginning of year</b>	<u>1,694,787</u>
<b>Net position held in trust, end of year</b>	<u><u>\$ 1,839,300</u></u>

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The accounting methods and procedures adopted by the City of Smyrna, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City was created in 1872 and operates under an elected Mayor/Council form of government. The City's major operations included public safety, culture-recreation, water and sewer services, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Smyrna (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The fiscal year end of the component unit is June 30. The component unit does not issue separate Component Unit Financial Statements. A brief description of the component unit is as follows:

Downtown Smyrna Development Authority: The Downtown Smyrna Development Authority was created by the City of Smyrna, pursuant to the resolution of the Georgia General Assembly in October 1988. The Authority provides funding through capital lease agreements for the construction of governmental facilities. Currently the Authority is being used to provide funding sources to the City for the construction of governmental facilities.

The City Council appoints seven of the eight members of the Authority. The eighth position is filled by the Mayor who serves as the chairman. The Authority's debt is expected to be repaid by the City. The Authority provides services almost entirely to the City. The Authority is presented as a blended component unit and presented as a Capital Projects Fund.

Related Organization: The Smyrna Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides housing assistance to eligible families in the City. The Board consists of seven members appointed by the Mayor and City Council; however, the City does not have the ability to impose its will or have a financial benefit or burden relationship. The debts of the Housing Authority are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City of Smyrna and the Smyrna Housing Authority.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Hickory Lake Apartments Capital Projects Fund** – The Hickory Lakes Apartment Fund accounts for money received from bond proceeds that are restricted for use on redevelopment areas.

**1% Road Improvement Tax Capital Projects Fund** - The City's 1% Road Improvement Fund is used to account for financial resources restricted for transportation projects, 800 MHz radios, park projects, public safety projects, and Keep Smyrna Beautiful projects.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the operations of providing water and sewer services to the



**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

residents of the City.

Additionally, the government reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for money received for the promotion of tourism, monies received from the U.S. Housing and Urban Development under the Community Development Block Grant Program, monies collected for operations of the Emergency 911 system, monies received for law enforcement expenditures, and tax increments collected for the redevelopment project within the tax allocation district.

**Capital Project Funds** – Capital Project Funds are used to account for financial resources that are restricted or committed to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Trust Funds** – The Trust Fund accounts for the assets held by the City in a trustee capacity for individuals. The City's OPEB Trust Fund is utilized to account for the activity of the City's OPEB Plan.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **D. Budgets and Budgetary Accounting**

An operating budget is legally adopted each fiscal year for the General Fund, Special Revenue Funds, and the Capital Project Funds with the exception of the Tax Allocation District Special Revenue Fund.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the Capital Projects Funds adopt project length budgets and encumbrances are treated as budgetary expenditures in the year of incurrence of the commitment to purchase. In the General Fund, debt service expenditures are budgeted as general governmental expenditures and the expenditure of donations and special fees are budgeted together rather than in the function the donation or fee relates to. Investment earnings are not budgeted for in the Confiscated Assets Special Revenue.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

submitted to the City Council by the City Administrator.

2. A public hearing on the budget is held.
3. The budget is then revised and adopted or amended by the City Council at the first regular meeting following the hearing.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department with approval from the City Administrator and Finance Director. Transfers of appropriations between departments require the approval of the Mayor and City Council. The total budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and City Council.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**E. Cash and Investments**

For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand accounts and all highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. See Note 2 for additional information regarding Cash and Investments.

**F. Short-Term/Long-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

**G. Inventories**

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories consist of expendable supplies held for consumption and items needed for repairs or improvements. The consumption method is used to account for inventories.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items. The consumption method is used to account for prepaid items within the City’s funds.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (e.g., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

	<u>Water and Sewer</u>	<u>Governmental Activities</u>
Buildings and Improvements	15- 40 years	80 years
Vehicles, machinery, furniture and equipment	4-10 years	5 years
Infrastructure and improvements	40 years	30 years

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**J. Compensated Absences**

Accumulated unpaid vacation pay and comp time amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

**K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. They are the unamortized deferred loss on refunding and the deferred outflow of resources relating to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. They are the accumulated fair value of the City's hedge transaction reported in the government wide statement of net position, the unavailable taxes revenue reported in the governmental funds balance sheet, and the deferred inflows related to pensions reported in the government wide statement of net position and in the proprietary funds statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. Nature and Purpose of Classifications of Fund Equity**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Council has designated the Finance Director the authority to make necessary assignments of the fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund. The target level is set at 25% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts.

**N. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) DEPOSITS AND INVESTMENTS**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2016, the City was not exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Per the City's investment policy, the City manages its exposure to custodial risk by requiring full collateralization on two certain types of investments: certificates of deposits and repurchase agreements. As of June 30, 2016, none of the government's investments were exposed to custodial credit risk.

Investments of the City are comprised of money market mutual funds and guaranteed investment contracts. As of June 30, 2016, money market mutual funds had a fair market value of \$1,839,300 and were not rated. The money market funds had investment maturities of less than one year. The guaranteed investment contract had a fair value of \$1,491,461 as of June 30, 2016. The contract was unrated and has a maturity date of June 1, 2028.

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In fiscal year 2016, the City adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

The guaranteed investment contract and Georgia Fund 1 are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits direct investments in securities maturing more than five years from the date of purchase, unless matched by a specific cash flow.

**(3) RECEIVABLES**

Receivables at June 30, 2016 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 399,397	\$ 963,194	\$ -	\$ (253,807)	\$ 1,108,784
1% Road Improvement Tax Fund	57,274	-	-	-	57,274
Nonmajor Governmental Funds	-	-	102,875	-	102,875
Water & Sewer Fund	-	2,416,441	-	(197,286)	2,219,155
Total	<u>\$ 456,671</u>	<u>\$ 3,379,635</u>	<u>\$ 102,875</u>	<u>\$ (451,093)</u>	<u>\$ 3,488,088</u>

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**(4) DUE FROM OTHER GOVERNMENTS**

	Cobb County, GA
General Fund	\$ 272,061
1% Road Improvement Tax Fund	1,612,644
Nonmajor Funds:	
HUD CDBG Fund	93,767
	<u>\$ 1,978,472</u>

**(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund loans receivable are considered “available spendable resources.”

Such balances at June 30, 2016 include Due from (to) and are summarized as follows:

	PAYABLE FROM		
RECEIVABLE TO	Nonmajor Governmental Funds	Water & Sewer Fund	Total
General Fund	\$ 445,165	\$ 145	\$ 445,310

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

Interfund transfers for the current year were as follows:

TRANSFER IN TO	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Total
General Fund	\$ -	\$ 502,021	\$ 1,591,127	\$ 2,093,148
SPLOST fund	-	124,700	-	124,700
Hickory Lake Apartments	-	1,049,990	-	1,049,990
Nonmajor Governmental Funds	6,334,359	396,400	100,000	6,830,759
Total	<u>\$ 6,334,359</u>	<u>\$ 2,073,111</u>	<u>\$ 1,691,127</u>	<u>\$ 10,098,597</u>

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

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**(6) RESTRICTED ASSETS**

The City's restricted assets at June 30, 2016, consist of the following:

<b>Governmental Funds:</b>	<u>Total</u>
General Fund:	
Customer deposits	<u>\$ 863,533</u>
Hickory Lake Apartments Fund:	
Debt service	<u>506,447</u>
1% Road Improvement Tax:	
Completion of projects	<u>5,637,715</u>
Nonmajor governmental funds:	
Tax allocation district	167,376
E911 operations	77,470
Law enforcement	166,338
Culture and recreation	3
Unspent grant money	42,841
Housing and development	151,329
Completion of projects	1,500,747
Tourism	846,029
	<u>2,952,133</u>
<b>Total governmental funds</b>	<u><u>\$ 9,959,828</u></u>
<b>Proprietary Funds</b>	
Water & Sewer Enterprise Fund:	
Customer deposits	<u>\$ 557,005</u>
<b>Total proprietary funds</b>	<u><u>\$ 557,005</u></u>



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**(7) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 26,311,708	\$ 175,585	\$ (1,263,007)	\$ 25,224,286
Construction in progress	11,766,104	10,776,658	(7,820,061)	14,722,701
Total capital assets not being depreciated	38,077,812	10,952,243	(9,083,068)	39,946,987
Capital assets, being depreciated:				
Infrastructure	138,825,569	9,778,131	-	148,603,700
Buildings and improvements	66,235,940	597,607	-	66,833,547
Motorized and heavy equipment	910,492	13,000	-	923,492
Office furniture and equipment	1,132,410	40,407	-	1,172,817
Computer equipment	1,602,120	1,225,995	-	2,828,115
Motor vehicles	10,582,992	1,478,090	(274,261)	11,786,821
Nonmotorized equipment	1,978,518	1,190,648	-	3,169,166
Total capital assets being depreciated	221,268,041	14,323,878	(274,261)	235,317,658
Less accumulated depreciation for:				
Infrastructure	(90,620,894)	(4,195,790)	-	(94,816,684)
Buildings and improvements	(12,214,994)	(836,345)	-	(13,051,339)
Motorized and heavy equipment	(842,557)	(17,112)	-	(859,669)
Office furniture and equipment	(1,098,612)	(17,065)	-	(1,115,677)
Computer equipment	(1,040,202)	(201,200)	-	(1,241,402)
Motor vehicles	(9,280,985)	(607,821)	254,463	(9,634,343)
Nonmotorized equipment	(1,756,214)	(194,176)	-	(1,950,390)
Total accumulated depreciation	(116,854,458)	(6,069,509)	254,463	(122,669,504)
Total capital assets being depreciated, net	104,413,583	8,254,369	(19,798)	112,648,154
Governmental activities capital assets, net	<u>\$ 142,491,395</u>	<u>\$ 19,206,612</u>	<u>\$ (9,102,866)</u>	<u>\$ 152,595,141</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,762,819	\$ 452,592	\$ (3,215,411)	\$ -
Capital assets, being depreciated:				
Infrastructure and improvements	34,255,439	4,643,215	-	38,898,654
Machinery and equipment	9,097,165	183,695	-	9,280,860
Motor vehicles	638,963	-	-	638,963
Computer equipment	16,244	-	-	16,244
Total capital assets being depreciated	44,007,811	4,826,910	-	48,834,721
Less accumulated depreciation for:				
Infrastructure and improvements	(15,318,740)	(737,376)	-	(16,056,116)
Machinery and equipment	(7,456,730)	(225,149)	-	(7,681,879)
Motor vehicles	(634,908)	(3,743)	-	(638,651)
Computer equipment	(16,244)	-	-	(16,244)
Total accumulated depreciation	(23,426,622)	(966,268)	-	(24,392,890)
Total capital assets being depreciated, net	20,581,189	3,860,642	-	24,441,831
Business-type activities capital assets, net	<u>\$ 23,344,008</u>	<u>\$ 4,313,234</u>	<u>\$ (3,215,411)</u>	<u>\$ 24,441,831</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 276,017
Public safety	982,260
Public works, including depreciation of general infrastructure	4,314,310
Culture and recreation	<u>496,922</u>
Total depreciation expense - governmental activities	<u><u>\$ 6,069,509</u></u>

Business-type activities:

Water and sewer	<u><u>\$ 966,268</u></u>
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**(8) LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 39,934,928	\$ 2,634,990	\$ (3,680,000)	\$ 38,889,918	\$ 2,205,000
Premium	1,391,084	-	(155,264)	1,235,820	-
Discount	(126,099)	-	9,700	(116,399)	-
Intergovernmental agreement	-	1,130,545	(137,507)	993,038	280,045
Capital leases	414,084	-	(97,862)	316,222	101,542
Certificates of participation	1,756,000	-	-	1,756,000	-
Deferred fair value of interest rate swap	(485,396)	-	(167,687)	(653,083)	-
Total certificates of participation	<u>1,270,604</u>	<u>-</u>	<u>(167,687)</u>	<u>1,102,917</u>	<u>-</u>
Net pension liability	12,049,881	4,021,287	(1,640,628)	14,430,540	
Compensated absences	878,469	839,876	(847,998)	870,347	847,961
Governmental activities long-term liabilities	<u><u>\$ 55,812,951</u></u>	<u><u>\$ 8,626,698</u></u>	<u><u>\$ (6,717,246)</u></u>	<u><u>\$ 57,722,403</u></u>	<u><u>\$ 3,434,548</u></u>
<b>Business-type activities:</b>					
Capital leases	\$ 1,255,722	\$ -	\$ (541,669)	\$ 714,053	\$ 587,469
Net pension liability	634,204	218,942	(93,644)	759,502	-
Business-type activities long-term liabilities	<u><u>\$ 1,889,926</u></u>	<u><u>\$ 218,942</u></u>	<u><u>\$ (635,313)</u></u>	<u><u>\$ 1,473,555</u></u>	<u><u>\$ 587,469</u></u>

For Governmental Activities, compensated absences and pension liabilities are typically liquidated in the General Fund.

Operating Leases

The City has several operating leases for equipment that are not material.

**Governmental Activities:**

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2016:

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\$8,285,000 Series 1997 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 1998 of \$35,000 to \$1,700,000 through February 1, 2020; interest at 3.7 to 5.6 percent (\$6,265,000 outstanding). The bonds were issued to refund a portion of the Series 1994 bonds and to finance the cost of constructing, furnishing, and equipping a new fire station to be leased to the City.

\$2,875,000 Series 2001 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 11, 2002 of \$85,000 to \$225,000 through February 2021; interest at 5.14 percent (\$1,180,000 outstanding). The bonds were issued to purchase property.

\$22,000,000 Series 2005 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on August 1, 2005 of \$220,000 to \$3,070,000 through February 1, 2028; interest at 3% to 5.25% (\$20,820,000 outstanding). The bonds were issued for acquiring, construction, and renovation of parks and recreation facilities.

\$15,950,000 Series 2010 Downtown Smyrna Development Authority bonds, serviced through lease payments from the City, due in annual installments commencing on February 1, 2014 of \$420,000 to \$1,300,000 through February 1, 2035; interest at 2.49% to 6.90% (\$4,810,000 outstanding). The bonds were issued for acquiring, construction, and redeveloping the site of an existing apartment complex, preserving the site for future development, and to pay the costs of issuing the bonds.

\$2,320,000 Series 2014A Downtown Smyrna Development Authority bond, serviced through lease payments from the City, due in annual installments commencing February 1, 2018 of \$260,000 to \$690,000 through February 1, 2022; interest at 4.00 percent (\$2,320,000 outstanding). The bond was issued to provide funding for the improvements necessary for public infrastructure located on property held for sale by the City.

\$3,855,000 Series 2014B Downtown Smyrna Development Authority bond, serviced through lease payments from the City, due in annual installments commencing February 1, 2022 of \$640,000 to \$790,000 through February 1, 2027; interest at 3.05 percent (\$3,494,918 outstanding) The bond was issued to provide funding for the improvements necessary on property held for sale by the City

The City and the Smyrna Downtown Development Authority have entered into intergovernmental contracts which obligate the City to make lease payments directly to the Authority for the purpose of paying the principal and interest on the outstanding balance of the Series 1997, 2001, 2005, 2010, and 2014 Revenue Bonds issued by the Authority. The contracts will not expire until full payment of the bonds. The contracts enable the City to lease from the Authority the facilities constructed by the Authority. The leases are a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the contract; therefore the obligation for the bonds is not reported on the financial statements of the Smyrna Downtown Development Authority.

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The following is a schedule of the future payments on outstanding Governmental Activities revenue bonds after the remaining \$360,082 of the Series 2014 A& B advances are made:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,205,000	\$ 2,020,836	\$ 4,225,836
2018	2,565,000	1,841,921	4,406,921
2019	2,735,000	1,703,251	4,438,251
2020	2,865,000	1,562,682	4,427,682
2021	3,005,000	1,420,999	4,425,999
2022-2026	17,755,000	4,800,497	22,555,497
2027-2031	8,120,000	627,917	8,747,917
Total	<u>\$ 39,250,000</u>	<u>\$ 13,978,103</u>	<u>\$ 53,228,103</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$6,115,000 at June 30, 2016.

Intergovernmental Contract

During 2016, the City entered into an intergovernmental agreement with Cobb County for lease payments on portable and mobile radios through the levy of a one percent Special Purpose Local Option Sales Tax (SPLOST). The one percent SPLOST is collected by Cobb County and the City's payments on the radio equipment are retained by the County. The agreement is for a term of 5 years requiring a monthly payment of \$25,000.

The following is a schedule of the future payments on the intergovernmental contract after the remaining \$305,599 advance is made to the City:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 280,045	\$ 19,954	\$ 299,999
2018	284,857	15,143	300,000
2019	289,750	10,250	300,000
2020	294,728	5,272	300,000
2021	149,257	743	150,000
Total	<u>\$ 1,298,637</u>	<u>\$ 51,362</u>	<u>\$ 1,349,999</u>

Capital Leases

The City leases certain equipment through BB&T Governmental Finance with costs totaling \$930,000 and accumulated depreciation totaling \$930,000. This year \$93,000 was included in depreciation expense. The lease bears interest at 3.76%.

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The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 101,542	\$ 11,890	\$ 113,432
2018	105,360	8,072	113,432
2019	109,320	4,110	113,430
Total	<u>\$ 316,222</u>	<u>\$ 24,072</u>	<u>\$ 340,294</u>

Certificates of Participation

In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of \$150,126,000 certificates of participation by GMA. GMA passed the net proceeds through the participating municipalities with the City's participation totaling \$1,756,000. The lease pool agreement with GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the certificates of participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City may draw on the investment to lease equipment from GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998(A) GMA certificates of participation. The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 83,410	\$ 83,410
2018	-	83,410	83,410
2019	-	83,410	83,410
2020	-	83,410	83,410
2021	-	83,410	83,410
2022-2026	-	417,050	417,050
2027-2028	<u>1,756,000</u>	<u>166,820</u>	<u>1,922,820</u>
Total	<u>\$ 1,756,000</u>	<u>\$ 1,000,920</u>	<u>\$ 2,756,920</u>

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the swap agreement, the City is required to (a) pay a semiannual floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index to, or behalf of, the swap counterparty; and the swap counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the swap agreement, but generally equal to the outstanding unpaid principal portion of such contract, less the amount originally deposited in the reserve fund relating to the contract, and (b) a one time swap premium to be paid on the effective date of the swap agreement. The semiannual payments from the swap counterparty with respect to the City are structured, and expected to be sufficient to make all interest payments due under the contract, and related distributions of interest on the certificates. Monthly interest payments between the City, the holders of the certificates of participation, and the swap counterparty can be made in a net settlement form as part of this agreement. Under the swap

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agreement, the City's obligation to pay floating payments to the swap counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement also matures on June 1, 2028. This derivative qualifies as a fair market hedge.

In the unlikely event that the swap counterparty becomes insolvent, or fails to make payments as specified in the swap agreement, the City would be exposed to credit risk in the amount of the swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength. At June 30, 2016, the market value of this agreement is \$653,083, a decrease of \$167,687 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2016 based on the derivative contract. This market value is netted against long-term liabilities in the statement of net position. This derivative is an effective hedge and qualifies for hedge accounting. Therefore, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred inflows of resources in the statement of net position.

**Business-type Activities:**

Capital Leases

On November 29, 2004, the City entered into a lease agreement to acquire meter reading equipment with a total cost of \$7,025,205 for use in the Water and Sewer Enterprise Fund. The original principal amount of the agreement was \$4,300,000 following a down payment of \$2,725,205. The terms of the lease call for principal and interest payments over 156 months, with an annual interest rate of 4.16% and an option to purchase at the end of the lease term for \$1. The lease qualifies as a capital lease. As of June 30, 2016, accumulated depreciation expense totaled \$7,025,205. This year \$99,308 was included in depreciation expense.

The following is a schedule of the future payments on outstanding Business-Type Activities capital leases as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 587,469	\$ 18,363	\$ 605,832
2018	126,584	2,836	129,420
Total	<u>\$ 714,053</u>	<u>\$ 21,199</u>	<u>\$ 735,252</u>

**(9) PROPERTY TAXES**

The City bills and collects its own real and personal property taxes. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 10, 2015. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City.

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Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The net assessed values of real and personal property (excluding public utility franchise motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2015 were \$1,906,457,302.

Based on the 2015 millage levy of 8.99, a property owner would pay \$8.99 per \$1,000 of assessed valuation. Current tax collections of \$17,243,993 for the fiscal year ended June 30, 2016 were 99 percent of the tax levy.

**(10) EMPLOYEE RETIREMENT SYSTEM**

General Information about the Pension Plan

The City has established a defined benefit pension plan ("Plan") and contributes to the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The benefit provisions and all other requirements are established by GMEBS and the Adoption Agreement executed by the City.

All full-time City employees are eligible to participate in the plan. There is no waiting period for eligibility. During the fiscal year ended June 30, 2003, all personnel were offered the option of acquiring an early retirement benefit at age 55 with thirty years of service completed. All new employees are automatically covered by the early retirement benefits. The plan was amended on April 1, 2010. Normal retirement age is now 65 with 10 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after 35 years of service or after achieving the Rule of 80 (minimum age plus years of service to equal 80). Benefits vest after completing seven years of service. Employee benefits are calculated as a percentage of the average basic earnings in the five consecutive years prior to retirement multiplied by the number of years of service. The death and disability benefits are based on a percentage of final average earnings.

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	179
Inactive employees entitled to but not yet receiving benefits	77
Active employees	<u>376</u>
Total	<u><u>632</u></u>

All employees are covered under the early retirement benefit and are required by the City to contribute 3.25% of their annual salary towards the additional cost of this benefit. City's Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2016, the actuarially determined rate was 10.19% of annual pay. The January 1, 2015 valuation is used to determine the recommended contribution for the fiscal year 2016. During the plan year, total pension contributions were \$1,734,272 from the City.

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Net Pension Liability

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% plus age and service based merit increases
Investment rate of return	7.75%
Post-retirement benefit increases	Not applicable

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014. Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate. The RP-200 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period of January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014	\$ 55,461,132	\$ 42,777,047	\$ 12,684,085
Changes for the year:			
Service cost	875,072	-	875,072
Interest	4,112,198	-	4,112,198
Differences between expected and actual experience	2,157,281	-	2,157,281
Contributions - employer	-	3,499,154	(3,499,154)
Contributions - employee	-	705,776	(705,776)
Net investment income	-	502,934	(502,934)
Benefit payments, including refunds of employee contributions	(4,801,033)	(4,801,033)	-
Administrative expense	-	(69,270)	69,270
Other	-	-	-
Net changes	2,343,518	(162,439)	2,505,957
Balances at 9/30/2015	\$ 57,804,650	\$ 42,614,608	\$ 15,190,042

Changes in Assumptions

Based on the results of an actuarial experience study covering the past two fiscal periods, the following assumptions were changed in this valuation:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70. If retirement is not available at a given age or a participant does not meet the plan's service criteria to retire at a given age, no retirement is assumed at that age.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
	<hr/>	<hr/>	<hr/>
Net pension liability	\$ 21,686,669	\$ 15,190,042	\$ 9,750,533

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS Retirement Trust financial report. The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information of GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling 404-688-0472. The Plan's fiduciary net position has been determined on the same basis as that used by the plan.

The GMEBS's financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received. Investment income is recognized as earned by the GMEBS. The net appreciation (depreciation) in the fair value of investments held by the GMEBS is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the Statement of Net Position. Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, and real estate. There are no investments in any one organization other than the securities guaranteed by the U.S. government that represent five percent or more of plan net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on appraisals and valuations prepared by American Realty Advisors. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,678,136. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,725,824	\$ (109,566)
Changes of assumptions	-	(195,939)
Net difference between projected and actual earnings on pension plan investments	1,381,188	-
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	1,300,610	
Total	<u>\$ 4,407,622</u>	<u>\$ (305,505)</u>

\$1,300,610 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ 604,250
2018	604,250
2019	604,250
2020	988,757
2021	-
Thereafter	-

**(11) POST EMPLOYMENT HEALTH CARE PLAN**

The City implemented GASB 45 prospectively during the year ended June 30, 2009.

Plan Description

The City of Smyrna OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Smyrna. The City of Smyrna OPEB Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other postemployment health benefits in accordance with GASB Statement 43 and GASB Statement 45. The trust was established June 1, 2009, by the City Council to pre-fund medical and prescription drug benefits for retirees and their eligible dependents who are eligible for such benefits under existing City policy. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 65 with 10 years of service, or provided that the employee's age (minimum age of 55) plus completed years of service with the City at the time of the employee's retirement is equal to or greater than 80. As of January 1, 2015, there were 78 retirees, beneficiaries, and spouses eligible for the benefits and 363 active employees. The City has the authority to establish and amend benefit provisions.

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies

The plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment income is recognized as earned by the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position.

There are no investments in, loans to, or leases with parties related to the pension plan. Administrative costs are financed through investment earnings.

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2016, the City contributed \$575,702 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. Currently, retirees contribute between 11% and 36% of the cost premiums. The retirees' contribution is based on their enrollment in a City sponsored wellness program, as well as their smoker/nonsmoker status. Total retiree contributions to the plan during the fiscal year 2016 totaled \$144,702.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)	Annual Amount Contributed
6/30/14	\$ 542,170	78%	\$ (920,898)	\$ 421,446
6/30/15	843,000	73%	(693,635)	615,737
6/30/16	842,327	68%	(427,010)	575,702

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (( b - a ) / c)
01/01/15	\$ 1,489,080	\$ 8,523,256	\$ 7,034,176	17.5%	\$ 16,406,474	42.9%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF SMYRNA, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (asset):

Annual required contribution	\$ 840,236
Interest on net OPEB obligation	(53,757)
Adjustment to annual required contribution	55,848
Annual OPEB cost	<u>842,327</u>
Contributions made	<u>(575,702)</u>
(Increase) decrease in net OPEB obligation	266,625
Net OPEB asset, beginning of year	<u>(693,635)</u>
Net OPEB asset, end of year	<u><u>\$ (427,010)</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/1/2015
Actuarial cost method	Projected unit credit with benefits attributed From date of hire to date of decrement
Amortization method	Level percentage of pay, open
Remaining amortization period	30years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.75%
Healthcare cost trend rate	8.0% graded to 5.0% over 7 years

The plan does not issue separate financial statements.

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**(12) RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks. Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

To select a person to serve as a Member representative.

To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

To follow all loss reduction and prevention procedures established by GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities.

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

**(13) JOINT VENTURE**

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

**(14) COMMITMENTS AND CONTINGENCIES**

Cobb County Water System

The City entered into an agreement with Cobb County, Georgia (the "County") in April 2005. The term of the agreement is 30 years. The agreement provides for the County to take and treat wastewater from the City and requires the purchase of the County's water in certain circumstances. The County is authorized to establish rates and charges. The City purchased water and wastewater treatment services totaling \$9,638,927 from the County during the fiscal year ended June 30, 2016.

Encumbrances outstanding at year end totaled \$2,733,122 (\$14,025 in the General Fund, \$2,708,299 in the 1% Road Improvement Fund, and \$10,798 in the nonmajor funds).

**CITY OF SMYRNA, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**(15) FUND BALANCE DEFICITS**

Tax Allocation District	<u>\$ (277,789)</u>
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The deficit in the Tax Allocation District Fund will be funded by future tax increment revenues.

**(16) SUBSEQUENT EVENT**

Subsequent to year end, the Downtown Smyrna Development Authority issued the \$6,125,000 Series 2016 Downtown Smyrna Development Authority bonds. The City and the Downtown Smyrna Development Authority have entered into an intergovernmental contract which obligates the City to make payments to the Downtown Smyrna Development Authority for the bonds.



**CITY OF SMYRNA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**

	2015	2016
<b>Total pension liability</b>		
Service cost	\$ 933,885	\$ 875,072
Interest	4,075,477	4,112,198
Differences between expected and actual experience	(182,608)	2,157,281
Changes of assumptions	(326,563)	-
Changes of benefit terms	53,852	-
Benefit payments, including refunds of employee contributions	(3,359,424)	(4,801,033)
<b>Net change in total pension liability</b>	1,194,619	2,343,518
<b>Total pension liability - beginning</b>	54,266,513	55,461,132
<b>Total pension liability - ending (a)</b>	<u>\$ 55,461,132</u>	<u>\$ 57,804,650</u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 2,155,027	\$ 3,499,154
Contributions - employee	632,129	705,776
Net investment income	4,410,989	502,934
Benefit payments including refunds of employee contributions	(3,359,424)	(4,801,033)
Administrative expense	(53,811)	(69,270)
Other	-	-
<b>Net change in plan fiduciary net position</b>	3,784,910	(162,439)
 <b>Plan fiduciary net position - beginning</b>	38,992,137	42,777,047
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 42,777,047</u>	<u>\$ 42,614,608</u>
 <b>Net pension liability - ending (a) - (b)</b>	<u>\$ 12,684,085</u>	<u>\$ 15,190,042</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.13%	73.72%
 <b>Covered employee payroll</b>	\$ 16,751,826	\$ 16,942,753
 <b>Net pension liability as a percentage of covered employee payroll</b>	75.72%	89.66%

*Notes to Schedule:*

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF SMYRNA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,966,855	\$ 1,734,147
Contributions in relation to the actuarially determined contribution	<u>1,972,737</u>	<u>1,734,272</u>
Contribution deficiency (excess)	<u>\$ (5,882)</u>	<u>\$ (125)</u>
Covered-employee payroll	\$ 18,460,213	\$ 19,141,675
Contributions as a percentage of covered-employee payroll	10.69%	9.06%

**Notes to Schedule:**

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follow:

Valuation Date: January 1, 2016

Methods and assumptions to determine contribution rates:

Actuarial cost method Projected unit credit

Amortization method Closed level dollar for remaining unfunded liability

Remaining amortization period Varies for the bases, with a net effective amortization period of 10 years.

Asset valuation method Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Inflation 3.25%

Salary increases 3.25% plus age and service based merit increases

Investment rate of return 7.75%

Retirement age  
Class 1 (Old Plan) = Rule of 85 with a minimum age of 60  
Class 2 (Old Plan) = 65+5  
Officials (Old Plan) = 65  
Class 3, 6 (New Plan) = 65+5 or Rule of 80 with a minimum age of 55  
Officials (New Plan) = 65 or Rule of 80 with a minimum age of 55  
Class 4, 5, 7 = 65+10, 35 years with the city, or Rule of 80 with a minimum age of 55

Mortality RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF SMYRNA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**POST EMPLOYMENT HEALTH CARE PLAN SCHEDULE OF FUNDING PROGRESS AND**  
**EMPLOYER CONTRIBUTIONS**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b - a) / c)
01/01/15	\$ 1,489,080	\$ 8,523,256	\$ 7,034,176	17.5%	\$ 16,406,474	42.9%
01/01/13	923,319	6,213,976	5,290,657	14.9%	15,752,675	33.6%
01/01/11	331,382	5,121,788	4,790,406	6.5%	16,476,737	29.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Annual Amount Contributed
6/30/16	\$ 840,236	69%	\$ 575,702
6/30/15	840,236	73%	615,737
6/30/14	539,029	78%	421,446

**CITY OF SMYRNA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 26,402,750	\$ 27,126,750	\$ 27,803,043	\$ 676,293
Charges for services	8,048,497	8,048,497	8,230,640	182,143
Licenses and permits	2,523,000	2,523,000	2,774,834	251,834
Fines and forfeitures	1,650,000	1,520,000	1,521,404	1,404
Intergovernmental revenues	1,337,000	1,337,000	1,409,333	72,333
Investment income	-	-	3,392	3,392
Miscellaneous revenue	420,000	529,000	581,968	52,968
Total revenues	40,381,247	41,084,247	42,324,614	1,240,367
Expenditures:				
Current:				
General government				
Governing body	415,862	422,247	378,137	44,110
Chief executive	624,332	688,884	687,968	916
Financial administration	569,972	589,746	496,462	93,284
Data processing	899,376	916,401	862,364	54,037
Human resources	372,820	398,919	364,375	34,544
Buildings and plant	9,612,788	9,676,067	9,675,353	714
Judicial				
Records court	364,348	381,765	352,985	28,780
Public safety				
Police	7,675,912	7,928,583	7,824,506	104,077
Fire				
Fire administration	4,543,858	4,612,068	4,611,819	249
Fire prevention	268,108	277,219	264,448	12,771
Fire training	205,282	213,392	202,216	11,176
Emergency management	41,423	41,854	30,299	11,555
Public Works				
Highways and streets	2,394,599	2,445,178	2,356,859	88,319
Traffic engineering	328,661	332,354	257,122	75,232
Sanitary administration	3,338,513	3,548,185	3,477,248	70,937
Recyclable collections	282,646	289,151	250,082	39,069
Public education	221,737	228,489	220,427	8,062
Maintenance and shop	341,465	351,808	344,025	7,783
Culture and recreation				
Administration	1,044,109	1,060,309	1,057,276	3,033
Participant recreation	429,221	456,501	455,531	970
Recreation center	282,359	290,046	231,566	58,480
Park areas	174,801	183,012	169,732	13,280
Library administration	701,672	720,318	715,666	4,652
Housing and development				
Protective inspection administration	1,009,358	1,053,249	972,483	80,766
Debt Service				
Fiscal agent fees	-	7,500	7,322	178
Donations and special fees	150,000	262,954	262,426	528
Total expenditures	36,293,222	37,376,199	36,528,697	847,502

Continued on next page.

**CITY OF SMYRNA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	<u>4,088,025</u>	<u>3,708,048</u>	<u>5,795,917</u>	<u>2,087,869</u>
Other financing sources (uses):				
Transfers in	1,920,325	1,920,325	2,093,148	172,823
Insurance reimbursements	-	-	60,932	60,932
Sale of capital assets	-	-	47,004	47,004
Transfers out	<u>(6,008,350)</u>	<u>(6,034,359)</u>	<u>(6,334,359)</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(4,088,025)</u>	<u>(4,114,034)</u>	<u>(4,133,275)</u>	<u>(19,241)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (405,986)</u>	1,662,642	<u>\$ 2,068,628</u>
Fund balance at beginning of year- GAAP basis			<u>15,745,095</u>	
Fund balance at end of year- GAAP basis			<u>\$ 17,407,737</u>	

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**CITY OF SMYRNA, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds					
	Confiscated Assets	Hotel/Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund	HUD CDBG
<b>Assets:</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash	166,338	846,029	7,912	-	77,470	34,929
Restricted investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	102,875	-
Due from other governments	-	-	-	-	-	93,767
Prepaid items	-	-	-	-	4,633	-
<b>Total assets</b>	<u>\$ 166,338</u>	<u>\$ 846,029</u>	<u>\$ 7,912</u>	<u>\$ -</u>	<u>\$ 184,978</u>	<u>\$ 128,696</u>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 94,427	\$ -	\$ -	\$ 19,959	\$ 9,923
Accrued liabilities	-	4,210	-	-	24,871	-
Retainage payable	-	-	-	-	-	6,310
Unearned revenue	-	-	7,799	-	-	-
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>98,637</u>	<u>7,799</u>	<u>-</u>	<u>44,830</u>	<u>16,233</u>
<b>Fund balances:</b>						
Nonspendable:						
Prepays	-	-	-	-	4,633	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Public safety	166,338	-	113	-	135,515	-
Culture and recreation	-	747,392	-	-	-	112,463
Housing and development	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance (deficit)</b>	<u>166,338</u>	<u>747,392</u>	<u>113</u>	<u>-</u>	<u>140,148</u>	<u>112,463</u>
<b>Total liabilities and fund balance</b>	<u>\$ 166,338</u>	<u>\$ 846,029</u>	<u>\$ 7,912</u>	<u>\$ -</u>	<u>\$ 184,978</u>	<u>\$ 128,696</u>

**CITY OF SMYRNA, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
	Capital Fund	Downtown Smyrna Development Authority	Parks and Recreation Fund	Capital Projects Fund	Bio Diesel Fund	
\$ -	\$ -	\$ -	\$ -	\$ 1,809,809	\$ -	\$ 1,809,809
167,376	-	151,329	-	-	9,286	1,460,669
-	1,491,461	-	3	-	-	1,491,464
-	-	-	-	-	-	102,875
-	-	-	-	-	-	93,767
-	-	-	-	-	-	4,633
<u>\$ 167,376</u>	<u>\$ 1,491,461</u>	<u>\$ 151,329</u>	<u>\$ 3</u>	<u>\$ 1,809,809</u>	<u>\$ 9,286</u>	<u>\$ 4,963,217</u>
\$ -	\$ -	\$ -	\$ -	\$ 128,004	\$ -	\$ 252,313
-	-	-	-	-	-	29,081
-	-	-	-	-	-	6,310
-	-	-	-	-	9,286	17,085
445,165	-	-	-	-	-	445,165
445,165	-	-	-	128,004	9,286	749,954
-	-	-	-	-	-	4,633
-	1,491,461	-	-	-	-	1,491,461
-	-	-	-	-	-	301,966
-	-	-	3	-	-	859,858
-	-	151,329	-	-	-	151,329
-	-	-	-	1,681,805	-	1,681,805
(277,789)	-	-	-	-	-	(277,789)
(277,789)	1,491,461	151,329	3	1,681,805	-	4,213,263
<u>\$ 167,376</u>	<u>\$ 1,491,461</u>	<u>\$ 151,329</u>	<u>\$ 3</u>	<u>\$ 1,809,809</u>	<u>\$ 9,286</u>	<u>\$ 4,963,217</u>



**CITY OF SMYRNA, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds				
	Confiscated Assets	Hotel / Motel Premium Tax	Multiple Grant Fund	Auto Rental Tax	Emergency 911 Telephone Fund
<b>Revenues:</b>					
Taxes	\$ -	\$ 1,388,289	\$ -	\$ 123,877	\$ -
Charges for services	-	-	-	-	1,243,014
Intergovernmental	154,837	-	26,191	-	-
Investment earnings	72	-	-	-	2,670
<b>Total revenues</b>	<u>154,909</u>	<u>1,388,289</u>	<u>26,191</u>	<u>123,877</u>	<u>1,245,684</u>
<b>Expenditures:</b>					
Current:					
Public safety:					
Police	52,691	-	30,731	-	-
Fire	-	-	-	-	-
Emergency 911	-	-	-	-	2,163,664
Housing and development	-	-	-	-	-
Culture and recreation	-	948,150	-	-	-
Capital outlay	-	-	-	-	178,289
Debt service					
Principal, interest, and fees	-	-	-	-	-
<b>Total expenditures</b>	<u>52,691</u>	<u>948,150</u>	<u>30,731</u>	<u>-</u>	<u>2,341,953</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>102,218</u>	<u>440,139</u>	<u>(4,540)</u>	<u>123,877</u>	<u>(1,096,269)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	123,877	-	-	178,804
Sale of capital assets	-	-	-	-	-
Debt issued	-	-	-	-	-
Transfers out	-	(472,823)	-	(123,877)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(348,946)</u>	<u>-</u>	<u>(123,877)</u>	<u>178,804</u>
<b>Net change in fund balance</b>	102,218	91,193	(4,540)	-	(917,465)
<b>Fund balance (deficit) at beginning of year</b>	<u>64,120</u>	<u>656,199</u>	<u>4,653</u>	<u>-</u>	<u>1,057,613</u>
<b>Fund balance (deficit) at end of year</b>	<u>\$ 166,338</u>	<u>\$ 747,392</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 140,148</u>

**CITY OF SMYRNA, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

HUD CDBG	Tax Allocation District	Capital Projects Funds					Total Non-Major Governmental Funds
		Capital Fund	Downtown Smyrna Development Authority	Parks and Recreation Fund	Capital Projects Fund	Bio Diesel Fund	
\$ -	\$ 79,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,591,760
-	-	-	-	-	-	-	1,243,014
182,313	63,138	-	-	-	-	1,936	428,415
-	-	27,482	-	-	-	-	30,224
182,313	142,732	27,482	-	-	-	1,936	3,293,413
-	-	-	-	-	-	-	83,422
-	-	-	-	-	-	1,154	1,154
-	-	-	-	-	-	-	2,163,664
-	248,240	-	-	-	-	-	248,240
189,078	-	-	-	-	-	-	1,137,228
-	-	-	-	-	1,719,057	-	1,897,346
-	-	-	5,781,943	-	9,493	-	5,791,436
189,078	248,240	-	5,781,943	-	1,728,550	1,154	11,322,490
(6,765)	(105,508)	27,482	(5,781,943)	-	(1,728,550)	782	(8,029,077)
-	-	129,151	4,269,705	-	2,129,222	-	6,830,759
-	-	-	124,700	-	-	-	124,700
-	-	-	2,634,990	-	-	-	2,634,990
-	-	(143,372)	(1,174,690)	-	(158,349)	-	(2,073,111)
-	-	(14,221)	5,854,705	-	1,970,873	-	7,517,338
(6,765)	(105,508)	13,261	72,762	-	242,323	782	(511,739)
119,228	(172,281)	1,478,200	78,567	3	1,439,482	(782)	4,725,002
<u>\$ 112,463</u>	<u>\$ (277,789)</u>	<u>\$ 1,491,461</u>	<u>\$ 151,329</u>	<u>\$ 3</u>	<u>\$ 1,681,805</u>	<u>\$ -</u>	<u>\$ 4,213,263</u>

**CITY OF SMYRNA, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Fines and forfeitures	\$ 64,090	\$ 154,837	\$ 90,747
Total Revenues	<u>64,090</u>	<u>154,837</u>	<u>90,747</u>
Expenditures:			
Current:			
Police	<u>64,090</u>	<u>52,691</u>	<u>11,399</u>
Total Expenditures	<u>64,090</u>	<u>52,691</u>	<u>11,399</u>
Net change in fund balance	<u><u>\$ -</u></u>	102,146	<u><u>\$ 102,146</u></u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Investment earnings		<u>72</u>	
Fund balance at beginning of year-GAAP basis		<u>64,120</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 166,338</u></u>	

**CITY OF SMYRNA, GEORGIA**  
**HOTEL/MOTEL PREMIUM TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 1,185,000	\$ 1,388,289	\$ 203,289
Total Revenues	<u>1,185,000</u>	<u>1,388,289</u>	<u>203,289</u>
Expenditures:			
Current:			
Culture and recreation	<u>949,215</u>	<u>948,150</u>	<u>1,065</u>
Total Expenditures	<u>949,215</u>	<u>948,150</u>	<u>1,065</u>
Other financing sources (uses):			
Transfers in	190,000	123,877	(66,123)
Transfers out	<u>(300,000)</u>	<u>(472,823)</u>	<u>(172,823)</u>
Total other financing sources (uses)	<u>(110,000)</u>	<u>(348,946)</u>	<u>(238,946)</u>
Net change in fund balance	<u><u>\$ 125,785</u></u>	91,193	<u><u>\$ (34,592)</u></u>
Fund balance at beginning of year-GAAP basis		<u>656,199</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ 747,392</u></u>	

**CITY OF SMYRNA, GEORGIA**  
**MULTIPLE GRANT FUND SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (Budgetary Basis)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 46,190	\$ 26,191	\$ (19,999)
Total Revenues	<u>46,190</u>	<u>26,191</u>	<u>(19,999)</u>
Expenditures:			
Current:			
Public Safety:			
Police	<u>51,140</u>	<u>30,731</u>	<u>20,409</u>
Total Expenditures	<u>51,140</u>	<u>30,731</u>	<u>20,409</u>
Excess (deficiency) of revenues over expenditures	<u>(4,950)</u>	<u>(4,540)</u>	<u>410</u>
Net change in fund balance	<u>\$ (4,950)</u>	<u>(4,540)</u>	<u>\$ 410</u>
Fund balance at beginning of year-GAAP basis		<u>4,653</u>	
Fund balance at end of year-GAAP basis		<u>\$ 113</u>	

**CITY OF SMYRNA, GEORGIA**  
**AUTO RENTAL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	<u>\$ 190,000</u>	<u>\$ 123,877</u>	<u>\$ (66,123)</u>
Total Revenues	<u>190,000</u>	<u>123,877</u>	<u>(66,123)</u>
Other financing sources (uses):			
Transfers out	<u>(190,000)</u>	<u>(123,877)</u>	<u>66,123</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>(123,877)</u>	<u>66,123</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance at beginning of year-GAAP basis		<u>-</u>	
Fund balance at end of year-GAAP basis		<u><u>\$ -</u></u>	

**CITY OF SMYRNA, GEORGIA**  
**EMERGENCY 911 TELEPHONE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Charges for services	\$ 1,150,000	\$ 1,243,014	\$ 93,014
Intergovernmental	75,000	-	(75,000)
Investment earnings	1,500	2,670	1,170
	<u>1,226,500</u>	<u>1,245,684</u>	<u>19,184</u>
Total Revenues			
Expenditures:			
Current:			
Emergency 911	2,168,575	2,163,664	4,911
Capital outlay	196,151	178,289	17,862
	<u>2,364,726</u>	<u>2,341,953</u>	<u>22,773</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>(1,138,226)</u>	<u>(1,096,269)</u>	<u>41,957</u>
Other financing sources (uses):			
Transfers in	178,804	178,804	-
	<u>178,804</u>	<u>178,804</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	<u>\$ (959,422)</u>	<u>(917,465)</u>	<u>\$ 41,957</u>
Fund balance at beginning of year-GAAP basis		<u>1,057,613</u>	
Fund balance at end of year-GAAP basis		<u>\$ 140,148</u>	

**CITY OF SMYRNA, GEORGIA**  
**HUD COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 225,840	\$ 182,313	\$ (43,527)
Total Revenues	<u>225,840</u>	<u>182,313</u>	<u>(43,527)</u>
Expenditures:			
Current:			
Culture and recreation	<u>225,840</u>	<u>189,078</u>	<u>36,762</u>
Total Expenditures	<u>225,840</u>	<u>189,078</u>	<u>36,762</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,765)</u>	<u>\$ (6,765)</u>
Fund balance at beginning of year-GAAP basis		<u>119,228</u>	
Fund balance at end of year-GAAP basis		<u>\$ 112,463</u>	



# STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding the financial statements, note disclosures, required supplementary information as well as the overall financial position of the City.

## **Financial Trends**

These schedules contain trend information to help the user understand how the City's financial performance has changed over time.

## **Revenue Capacity**

These schedules contain information to help the user assess the City's major revenue sources.

## **Debt Capacity**

These schedules present information to help the user assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These schedules present demographic and economic indicators to help the user understand the environment within which the City's financial activities take place.

## **Operating Information**

These schedules contain staffing, key operating and capital statistics comparisons to help the user understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Except where noted, the information in these schedules is derived from the City's Annual Financial Report for the relevant year.

City of Smyrna, Georgia  
Net Position by Component  
Last Ten Fiscal Years (Unaudited)  
(accrual basis of accounting)

Fiscal Year

	2007	2008	2009	2010	2011*	2012	2013	2014*	2015	2016
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 71,979,849	\$ 75,669,686	\$ 75,593,976	\$ 81,282,475	\$ 81,927,292	\$ 87,502,055	\$ 93,417,083	\$ 98,670,865	\$ 111,254,960	\$ 121,837,996
Restricted	2,091,749	4,815,539	6,667,299	4,373,680	7,837,807	8,887,820	12,052,601	13,945,013	11,406,509	7,630,174
Unrestricted	8,336,439	5,681,691	10,550,780	13,645,665	13,202,792	11,190,332	12,223,410	(834,171)	(3,197,366)	165,038
Total governmental activities net position	\$ 82,408,037	\$ 86,166,916	\$ 92,812,055	\$ 99,301,820	\$ 102,967,891	\$ 107,580,207	\$ 117,693,094	\$ 111,781,707	\$ 119,464,103	\$ 129,633,208
<b>Business-type activities</b>										
Net investment in capital assets	\$ 17,414,278	\$ 18,200,667	\$ 18,388,326	\$ 18,479,678	\$ 17,880,048	\$ 17,657,460	\$ 17,486,264	\$ 20,017,889	\$ 22,088,286	\$ 23,727,778
Restricted	2,115,917	3,386,157	3,506,281	4,228,788	5,887,601	-	-	-	-	-
Unrestricted	(988,888)	(1,305,473)	(889,442)	(47,585)	(75,714)	7,982,492	10,138,106	10,588,857	10,891,703	11,913,784
Total business-type activities net position	\$ 18,541,307	\$ 20,281,351	\$ 21,005,165	\$ 22,660,881	\$ 23,691,935	\$ 25,639,952	\$ 27,624,370	\$ 30,606,746	\$ 32,979,989	\$ 35,641,562
<b>Primary government</b>										
Net investment in capital assets	\$ 89,394,127	\$ 93,870,353	\$ 93,982,302	\$ 99,762,153	\$ 99,807,340	\$ 105,159,515	\$ 110,903,347	\$ 118,688,754	\$ 133,343,246	\$ 145,565,774
Restricted	4,207,666	8,201,696	10,173,580	8,602,468	13,725,408	8,887,820	12,052,601	13,945,013	11,406,509	7,630,174
Unrestricted	7,347,551	4,376,218	9,661,338	13,598,080	13,127,078	19,172,824	22,361,516	9,754,686	7,694,337	12,078,822
Total primary government net position	\$ 100,949,344	\$ 106,448,267	\$ 113,817,220	\$ 121,962,701	\$ 126,659,826	\$ 133,220,159	\$ 145,317,464	\$ 142,388,453	\$ 152,444,092	\$ 165,274,770

\* - As Restated

City of Smyrna, Georgia  
Changes in Net Position  
Last Ten Fiscal Years (Unaudited)  
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011*	2012	2013	2014**	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 5,294,279	\$ 5,903,609	\$ 4,979,546	\$ 6,618,073	\$ 6,585,526	\$ 6,658,936	\$ 5,597,496	\$ 6,779,626	\$ 6,698,341	\$ 5,420,066
Judicial	591,093	590,922	574,258	555,925	548,959	539,351	533,504	505,821	440,520	455,612
Public Safety	16,766,728	17,667,184	17,452,477	16,331,914	17,029,989	16,422,991	17,729,276	17,103,469	16,411,663	20,736,794
Public works	12,590,787	11,579,574	11,167,574	10,577,151	10,476,228	12,700,351	10,658,449	14,464,681	13,822,512	12,129,044
Housing and development	1,218,863	1,129,385	1,047,730	871,326	1,656,854	4,296,015	1,131,446	1,232,458	1,692,161	2,514,369
Culture and recreation	6,001,248	7,299,235	5,316,392	5,249,173	4,492,687	4,319,312	4,425,185	4,490,477	3,355,658	4,745,312
Interest on long-term debt	2,140,076	2,080,483	2,039,188	2,044,644	2,117,616	2,910,268	2,865,013	2,712,343	2,466,637	2,035,725
Total governmental activities expenses	44,603,074	46,250,392	42,577,165	42,248,206	42,907,859	47,847,224	42,940,369	47,288,875	44,887,492	48,036,922
Business-type activities:										
Water and Sewer	11,741,282	11,579,835	12,184,207	12,066,240	14,137,739	13,481,393	14,398,939	13,908,854	14,701,631	15,449,744
Total business-type activities expenses	11,741,282	11,579,835	12,184,207	12,066,240	14,137,739	13,481,393	14,398,939	13,908,854	14,701,631	15,449,744
Total primary government expenses	\$ 56,344,356	\$ 57,830,227	\$ 54,761,372	\$ 54,314,446	\$ 57,045,598	\$ 61,328,617	\$ 57,339,308	\$ 61,197,729	\$ 59,589,123	\$ 63,486,666
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services	\$ 12,355,331	\$ 12,316,318	\$ 12,236,905	\$ 12,144,864	\$ 12,421,617	\$ 13,185,068	\$ 13,505,267	\$ 14,612,425	\$ 14,160,254	\$ 14,357,939
Operating grants and contributions	44,438	46,698	171,752	314,589	532,759	319,253	408,012	336,975	147,404	223,914
Capital grants and contributions	7,637,502	8,992,171	7,671,445	7,302,908	7,213,565	11,589,669	11,244,681	10,780,772	10,544,682	10,935,026
Total governmental activities program revenues	20,037,271	21,355,187	20,080,102	19,762,361	20,167,941	25,093,990	25,157,960	25,730,172	24,852,340	25,516,879
Business-type activities:										
Charges for services	13,148,517	13,399,311	14,196,848	15,210,052	16,751,785	17,012,801	17,972,656	18,277,070	18,551,309	19,054,100
Capital grants and contributions	1,944,692	846,085	-	-	-	-	-	692,562	156,789	731,107
Total business-type activities program revenues	15,093,209	14,245,396	14,196,848	15,210,052	16,751,785	17,012,801	17,972,656	18,969,632	18,708,098	19,785,207
Total primary government program revenues	\$ 35,130,480	\$ 35,600,583	\$ 34,276,950	\$ 34,972,413	\$ 36,919,726	\$ 42,106,791	\$ 43,130,616	\$ 44,699,804	\$ 43,560,438	\$ 45,302,086

**City of Smyrna, Georgia**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Unaudited) (Continued)**  
**(accrual basis of accounting)**

	2007	2008	2009	2010	2011*	2012	2013	2014**	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (24,565,803)	\$ (24,895,205)	\$ (22,497,063)	\$ (22,485,845)	\$ (22,739,918)	\$ (22,753,234)	\$ (17,782,409)	\$ (21,558,704)	\$ (20,035,152)	\$ (22,520,043)
Business-type activities	3,351,927	2,665,561	2,012,641	3,143,812	2,614,046	3,531,408	3,573,717	5,060,778	4,006,467	4,335,463
	<u>\$ (21,213,876)</u>	<u>\$ (22,229,644)</u>	<u>\$ (20,484,422)</u>	<u>\$ (19,342,033)</u>	<u>\$ (20,125,872)</u>	<u>\$ (19,221,826)</u>	<u>\$ (14,208,692)</u>	<u>\$ (16,497,926)</u>	<u>\$ (16,028,685)</u>	<u>\$ (18,184,580)</u>
Total primary government net expense										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 17,443,721	\$ 18,351,230	\$ 18,884,117	\$ 19,663,081	\$ 18,051,649	\$ 17,342,141	\$ 17,774,261	\$ 18,573,387	\$ 19,324,509	\$ 20,777,333
Franchise taxes	3,424,371	3,341,633	3,259,685	3,209,116	3,412,969	3,606,573	3,472,230	3,437,475	3,756,118	3,837,622
Insurance Premium taxes	2,148,342	2,240,959	2,294,641	2,273,112	2,207,080	2,404,825	2,554,327	2,644,762	2,764,966	2,953,912
Other taxes	1,652,310	1,842,839	1,751,648	1,491,690	1,540,649	1,653,074	1,713,519	1,912,156	2,003,296	2,340,043
Investment earnings	607,371	321,987	57,599	31,959	35,637	13,018	10,164	34,615	29,854	34,737
Grants / Contributions	1,676,211	1,507,091	1,505,426	734,538	727,139	731,251	734,532	733,822	1,401,222	1,472,471
Miscellaneous	35,792	35,210	69,086	72,114	74,464	27,602	45,136	-	346,475	(418,097)
Special Item	-	-	-	-	-	-	-	-	(3,542,116)	1,691,127
Transfers	964,890	1,013,135	1,320,000	1,500,000	1,591,127	1,587,066	1,591,127	1,591,127	1,633,224	32,689,148
	<u>27,953,008</u>	<u>28,654,084</u>	<u>29,142,202</u>	<u>28,975,610</u>	<u>27,640,684</u>	<u>27,365,550</u>	<u>27,895,296</u>	<u>28,927,344</u>	<u>27,717,548</u>	<u>32,689,148</u>
Total governmental activities										
Business-type activities										
Investment earnings	103,126	87,618	31,173	11,904	8,135	3,675	1,828	-	-	17,237
Transfers	(964,890)	(1,013,135)	(1,320,000)	(1,500,000)	(1,591,127)	(1,587,066)	(1,591,127)	(1,591,127)	(1,633,224)	(1,691,127)
	<u>(861,764)</u>	<u>(925,517)</u>	<u>(1,288,827)</u>	<u>(1,488,096)</u>	<u>(1,582,992)</u>	<u>(1,583,391)</u>	<u>(1,589,299)</u>	<u>(1,591,127)</u>	<u>(1,633,224)</u>	<u>(1,673,890)</u>
Total business-type activities										
Total primary government	\$ 27,091,244	\$ 27,728,567	\$ 27,853,375	\$ 27,487,514	\$ 26,057,692	\$ 25,782,159	\$ 26,305,997	\$ 27,336,217	\$ 26,084,324	\$ 31,015,258
<b>Change in Net Position</b>										
Governmental activities	\$ 3,387,205	\$ 3,758,879	\$ 6,645,139	\$ 6,489,765	\$ 4,900,766	\$ 4,612,316	\$ 10,112,887	\$ 7,368,641	\$ 7,682,396	\$ 10,169,105
Business-type activities	2,490,163	1,740,044	723,814	1,655,716	1,031,054	1,948,017	1,984,418	3,469,651	2,373,243	2,661,573
	<u>\$ 5,877,368</u>	<u>\$ 5,498,923</u>	<u>\$ 7,368,953</u>	<u>\$ 8,145,481</u>	<u>\$ 5,931,820</u>	<u>\$ 6,560,333</u>	<u>\$ 12,097,305</u>	<u>\$ 10,838,292</u>	<u>\$ 10,055,639</u>	<u>\$ 12,830,678</u>

\*As restated

\*\*The effect of implementing GASB Statement No. 68 and the correction of pension expenses to previously reported changes in net position has not been determined. For Governmental Activities, the effect of the restatement relating to grant revenues to previously reported changes in net position is an increase of \$199,999.

Note: Increase in capital grants and contributions for fiscal year 2007 was due to the passing of a special local option sales tax (sploot) for 1% roads. Grants / Contributions for fiscal year 2007 includes payments from The State of Georgia for the Homeowner Tax

Relief Grant. This payment was shown in property taxes for prior years.

**City of Smyrna, Georgia**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 448,302	\$ 1,647,937	\$ 450,793	\$ 350,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,463,499	9,219,222	11,733,060	13,228,023	-	-	-	-	-	-
Nonspendable	-	-	-	-	375,205	414,079	405,203	434,129	523,731	553,613
Restricted	-	-	-	-	213,361	179,755	380,855	374,848	360,286	412,376
Committed	-	-	-	-	500,000	2,091,641	2,929,605	5,254,605	5,254,605	3,811,985
Assigned	-	-	-	-	331,594	316,583	53,692	77,857	83,955	74,678
Unassigned	-	-	-	-	13,119,479	10,310,623	10,836,607	11,483,674	9,522,518	12,555,085
Total general fund	\$ 10,911,801	\$ 10,867,159	\$ 12,183,853	\$ 13,578,668	\$ 14,539,639	\$ 13,312,681	\$ 14,605,962	\$ 17,625,113	\$ 15,745,095	\$ 17,407,737
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 3,625,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	246,643	429,186	835,703	574,454	-	-	-	-	-	-
Capital projects funds	19,323,695	12,592,114	6,591,511	194,511	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	125	-	4,502	4,633
Restricted	-	-	-	-	22,716,437	22,854,118	26,426,028	27,030,274	15,416,554	12,652,368
Committed	-	-	-	-	1,556,145	1,481,978	1,087,100	1,075,758	1,439,482	1,681,805
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,018,750)	(961,771)	(257,083)	(352,262)	(173,063)	(277,789)
Total all other governmental funds	\$ 19,570,338	\$ 13,021,300	\$ 7,427,214	\$ 4,394,722	\$ 23,253,832	\$ 23,374,325	\$ 27,256,170	\$ 27,753,770	\$ 16,687,475	\$ 14,061,017
Total fund balances, before restatements	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390	\$ 37,793,471	\$ 36,687,006	\$ 41,862,132	\$ 45,378,883	\$ 32,432,570	\$ 31,468,754
Restatements*	-	-	-	-	1,541,714	-	-	(1,316,355)	-	-
Total fund balances, after restatements	\$ 30,482,139	\$ 23,888,459	\$ 19,611,067	\$ 17,973,390	\$ 39,335,185	\$ 36,687,006	\$ 41,862,132	\$ 44,062,528	\$ 32,432,570	\$ 31,468,754

**Note:** The City implemented GASB 54 in FY 2011, thus the fund balance classifications were changed in reporting for 2011 and subsequent years. Restatements to ending fund balances were made to 2014 for certain grant revenues and pension expenses.

**City of Smyrna, Georgia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016
<b>Revenues</b>										
Taxes	\$ 24,667,280	\$ 25,684,740	\$ 26,062,361	\$ 26,454,766	\$ 24,443,618	\$ 25,026,699	\$ 25,506,375	\$ 26,851,993	\$ 27,872,063	\$ 29,893,228
Charges for services	7,213,455	7,438,557	7,781,500	7,711,343	6,940,732	8,469,136	8,985,356	9,197,860	9,331,961	9,473,654
Licenses and permits	1,993,553	1,952,948	1,826,310	1,756,512	1,950,950	2,058,368	2,144,746	2,255,371	2,746,850	2,774,834
Fines and forfeitures	2,508,556	2,485,581	2,213,892	2,417,397	2,160,447	2,446,988	2,049,274	2,202,192	1,471,777	1,521,404
Intergovernmental	8,009,931	8,979,935	9,426,763	8,344,037	10,455,192	11,431,693	13,497,000	12,050,188	12,133,063	12,133,063
Investment earnings	1,617,763	903,664	128,369	39,262	25,870	48,071	71,138	34,615	36,188	43,275
Miscellaneous revenue	589,767	414,232	447,845	364,840	365,561	252,647	429,435	557,299	587,944	581,968
Total revenues	46,600,305	47,859,657	47,887,040	47,088,157	46,342,370	49,733,602	52,683,324	51,870,535	54,096,971	56,421,426
<b>Expenditures</b>										
General government	4,740,730	6,004,339	10,174,936	9,895,079	10,617,279	10,347,913	10,553,172	10,626,214	13,131,328	12,351,227
Judicial	591,093	590,922	450,839	457,794	435,885	423,770	423,743	421,235	362,096	352,985
Police	8,786,483	9,537,406	7,279,317	7,162,825	7,266,077	7,091,115	7,224,031	7,366,926	7,499,571	7,909,361
Fire	5,841,593	6,029,972	4,605,698	4,962,774	4,726,467	4,694,075	4,842,779	4,726,331	4,901,741	5,144,043
Other	1,338,314	1,279,557	1,504,273	1,270,222	1,362,463	1,292,325	1,326,874	1,353,386	1,377,112	2,193,963
Public Works	8,561,402	8,659,834	7,202,162	6,489,015	6,285,578	6,211,615	6,256,667	6,405,215	6,664,217	6,905,763
Culture and recreation	6,839,738	4,585,437	3,638,185	3,965,244	3,301,886	3,290,744	3,633,412	3,697,554	3,614,943	3,910,015
Housing and development	1,153,735	1,157,726	826,438	676,898	1,433,664	4,022,881	863,042	1,022,618	1,479,400	1,274,294
Capital outlay	7,189,488	15,095,817	16,200,199	11,247,777	4,101,959	12,049,199	9,458,623	9,635,041	15,003,860	17,101,927
Debt service										
Principal	1,414,312	1,443,065	1,647,570	2,125,677	2,176,799	1,846,015	1,718,408	2,010,913	10,364,316	3,915,369
Interest	2,118,890	2,080,483	2,039,188	2,044,644	2,429,823	2,726,797	2,843,710	2,724,345	2,673,106	2,146,821
Total expenditures	48,575,778	56,464,538	55,568,805	50,297,948	44,137,880	53,996,449	49,144,461	49,989,778	67,071,690	63,205,768
Excess of revenues over (under) expenditures	(1,975,473)	(8,604,901)	(7,681,765)	(3,209,791)	2,204,490	(4,262,847)	3,538,863	1,880,757	(12,974,719)	(6,784,342)
<b>Other Financing Sources (Uses)</b>										
Transfers in	5,070,759	4,733,307	5,426,026	6,283,352	2,920,043	7,165,571	8,455,657	7,712,069	14,181,852	10,098,597
Transfers out	(4,105,869)	(3,720,172)	(4,106,026)	(4,783,352)	(1,328,916)	(5,578,505)	(6,864,530)	(6,120,942)	(12,495,723)	(8,407,470)
Bonds issued	-	-	-	-	-	-	-	-	3,179,928	2,634,990
Premium on bonds issued	-	-	-	-	15,950,000	-	-	-	-	-
Payment refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
Capital leases	590,740	962,876	2,015,287	-	-	-	-	-	-	-
Intergovernmental agreement proceeds	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	35,792	35,210	69,086	72,114	74,464	27,602	45,136	44,866	92,442	1,130,545
Total other financing sources (uses)	1,591,422	2,011,221	3,404,373	1,572,114	17,615,591	1,614,668	1,636,263	1,635,993	5,304,974	5,820,526
<b>Special Item:</b>										
Loss on sale of land held for sale	-	-	-	-	-	-	-	-	(3,960,213)	-
Net change in fund balances	\$ (384,051)	\$ (6,593,680)	\$ (4,277,392)	\$ (1,637,677)	\$ 19,820,081	\$ (2,648,179)	\$ 5,175,126	\$ 3,516,750	\$ (11,629,958)	\$ (963,816)
Debt service as a percentage of noncapital expenditures	8.59%	8.25%	9.28%	10.66%	11.56%	10.78%	11.62%	10.82%	25.73%	13.12%

\*The effect of the correction of pension expenses to previously reported change in fund balance has not been determined. The effect of the restatement relating to grant revenues to previously reporting change in fund balance is an increase of \$199,999.

**City of Smyrna, Georgia**  
**Tax Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Property Tax	Intangible Tax	Alcoholic Beverage Excise Tax	Franchise Tax	Premium Tax	Vehicle Ad Valorem Tax	Other	Total
2007	15,398,619	338,379	764,206	3,424,371	2,148,342	1,319,770	1,273,593	24,667,280
2008	16,352,806	268,561	787,896	3,311,506	2,240,959	1,300,965	1,422,047	25,684,740
2009	16,745,347	176,203	755,453	3,259,685	2,294,641	1,239,910	1,591,122	26,062,361
2010	17,616,530	154,053	708,060	3,176,922	2,273,112	1,132,797	1,393,292	26,454,766
2011	16,373,632	149,070	637,194	3,380,408	2,207,050	1,149,634	1,414,455	25,311,443
2012	15,466,134	147,063	742,176	3,578,078	2,404,825	1,217,708	1,470,715	25,026,699
2013	15,156,347	249,876	771,469	3,443,843	2,554,327	1,767,323	1,563,190	25,506,375
2014	15,457,022	225,909	760,690	3,437,475	2,644,762	2,983,045	1,343,090	26,851,993
2015	16,023,129	253,749	795,545	3,729,229	2,764,966	2,750,806	1,554,639	27,872,063
2016	17,549,587	276,893	834,312	3,810,635	2,953,912	2,655,645	1,812,244	29,893,228

**City of Smyrna, Georgia**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
2007	1,283,593,263	611,053,176	18,382,035	173,873,140	1,739,155,334	9.17	4,347,888,335	40.00
2008	1,422,164,288	632,738,678	20,094,313	185,935,996	1,889,061,283	8.99	4,722,653,208	40.00
2009	1,464,153,464	675,484,781	21,984,449	180,887,128	1,980,735,566	8.99	4,951,838,915	40.00
2010	1,459,914,437	673,337,768	21,738,837	175,682,832	1,979,308,210	8.99	4,948,270,525	40.00
2011	1,297,068,850	661,030,383	21,228,785	119,484,864	1,859,843,154	8.99	4,649,607,885	40.00
2012	1,238,208,764	602,459,556	19,277,894	119,505,314	1,740,440,900	8.99	4,351,102,250	40.00
2013	1,137,110,379	608,860,653	19,884,205	79,512,618	1,686,342,619	8.99	4,215,856,548	40.00
2014	1,126,000,517	599,205,711	19,831,907	141,380,471	1,603,657,664	8.99	4,009,144,160	40.00
2015	1,202,265,817	616,109,155	18,700,840	138,971,560	1,698,104,252	8.99	4,245,260,630	40.00
2016	1,317,665,997	691,747,506	18,780,608	121,736,809	1,906,457,302	8.99	4,766,143,256	40.00

**Source:** Cobb County Board of Equalization and Assessment.

**Notes:** Property in the county is reassessed once every three years. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.



**City of Smyrna, Georgia**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years (Unaudited)**  
(rate per \$1,000 of assessed value)

Fiscal Year	City of Smyrna		Overlapping Rates						Total Direct & Overlapping Rates		
	Operating Millage	Total City Millage	Cobb County		Cobb County Board of Education		State of Georgia				
			General Millage	Bond Millage	General Millage	School Bond	General Millage	Total School Millage			
2007	9.17	9.17	6.82	0.22	7.04	19.00	0.90	19.90	0.25	0.25	36.36
2008	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2009	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2010	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2011	8.99	8.99	6.82	0.22	7.04	18.90	-	18.90	0.25	0.25	35.18
2012	8.99	8.99	7.72	0.33	8.05	18.90	-	18.90	0.25	0.25	36.19
2013	8.99	8.99	7.72	0.33	8.05	18.90	-	18.90	0.20	0.20	36.14
2014	8.99	8.99	7.52	0.33	7.85	18.90	-	18.90	0.15	0.15	35.89
2015	8.99	8.99	7.32	0.33	7.65	18.90	-	18.90	0.10	0.10	35.64
2016	8.99	8.99	7.12	0.33	7.45	18.90	-	18.90	0.05	0.05	35.39

**Source:** Cobb County Board of Equalization and Assessment.

**Note:** Overlapping rates are those of local and county governments that apply to property owners within The City of Smyrna.

**City of Smyrna, Georgia**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago (Unaudited)**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Park Properties LLC.	\$51,247,634	1	3.02	53,036,900	1	3.05
Rock Creek at Vinings LLC	17,357,572	2	1.02	10,207,910	7	0.59
UCB Inc.	16,425,074	3	0.97			
Consultinvest Inc.	14,671,896	4	0.86			
NA Glen Park 77 LP	14,105,840	5	0.83			
Valley Summit LLC	12,299,680	6	0.72			
DDRTC Heritage Pavilion LLC	12,173,832	7	0.72			
United Distributors Inc	12,004,268	8	0.71			
Jasmine Woodlands LLC	11,660,245	9	0.69			
Ashford 75 LLC	10,790,280	10	0.64			
Post Partners	-		-	14,880,360	2	0.86
Walton Park LP	-		-	14,081,639	3	0.81
Post Atlanta Vinings LTD	-		-	12,132,921	4	0.70
Inland Southeast Heritage LLC	-		-	12,108,520	5	0.70
Hickory Lake LP	-		-	11,729,200	6	0.67
LD Apartments LLC	-		-	8,546,640	8	0.49
Mission Galleria 34 LLC	-		-	8,104,920	9	0.47
Wyndeliff Equity I LLC	-		-	7,793,200	10	0.45
Total	\$ 172,736,321		10.17%	\$ 152,622,210		8.79%

Source: City of Smyrna Tax Department

**City of Smyrna, Georgia**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	15,176,709	14,873,272	98.00	58,598	14,931,870	98.39
2008	16,982,661	16,815,737	99.02	131,774	16,947,511	99.79
2009	17,806,813	17,411,857	97.78	141,647	17,553,504	98.58
2010	17,793,981	17,389,985	97.73	116,501	17,506,486	98.38
2011	16,719,990	16,201,095	96.90	121,583	16,322,678	97.62
2012	15,646,563	15,217,669	97.26	196,771	15,414,440	98.52
2013	15,160,220	14,926,568	98.46	113,473	15,040,041	99.21
2014	15,070,296	14,963,651	99.29	87,668	15,051,318	99.87
2015	15,815,515	15,718,002	99.38	38,770	15,756,772	99.63
2016	17,327,237	17,243,993	99.52	n/a	17,243,993	99.52

**Sources:** Cobb County Board of Equalization and Assessment and The City of Smyrna Finance Department.

**City of Smyrna, Georgia**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	Revenue Bonds <sup>1</sup>	Certificates of Participation	Capital Leases	Inter-governmental Agreement	Water/Sewer Bonds	Capital Leases			
2007	40,765,000	1,756,000	808,684	0	3,215,000	4,033,370	50,578,054	3.84	1,062
2008	39,590,000	1,756,000	1,503,495	0	2,530,000	3,771,116	49,150,611	3.34	1,011
2009	38,370,000	1,756,000	3,091,212	0	1,815,000	3,453,341	48,485,553	2.74	973
2010	37,105,000	1,756,000	2,230,535	0	1,070,000	3,074,562	45,236,097	2.52	892
2011	51,740,000	1,756,000	1,368,736	0	290,000	2,833,157	57,987,893	3.18	1,131
2012	50,370,000	1,756,000	892,721	0	0	2,561,825	55,580,546	2.98	1,084
2013	50,506,252	1,756,000	599,313	0	0	2,209,622	55,071,187	2.88	1,074
2014	48,437,368	1,756,000	508,400	0	0	1,826,173	52,527,941	2.75	998
2015	41,199,913	1,756,000	414,084	0	0	1,255,722	44,625,719	2.21	819
2016	40,009,339	1,756,000	316,222	993,038	0	714,053	43,788,652	2.06	780

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> \$6,175,000 million revenue bonds were issued in 2014. Amounts prior to 2013 exclude premiums and discounts.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Smyrna, Georgia**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total</b>	<b>Percentage of Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
	<b>Revenue Bonds</b>	<b>Capital Leases</b>			
2007	40,765,000	808,684	41,573,684	0.96%	873
2008	39,590,000	1,503,495	41,093,495	0.87%	845
2009	38,370,000	3,091,212	41,461,212	0.84%	832
2010	37,105,000	2,230,535	39,335,535	0.79%	776
2011	51,740,000	1,368,736	53,108,736	1.14%	1,036
2012	50,370,000	892,721	51,262,721	1.18%	1,000
2013	50,506,252	599,363	51,105,615	1.21%	997
2014	48,437,368	508,400	48,945,768	1.22%	930
2015	41,199,913	414,084	41,613,997	0.98%	764
2016	40,009,339	316,222	40,325,561	0.85%	718

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for population data.

**City of Smyrna, Georgia**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**  
**(Unaudited)**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Percentage Applicable<sup>1</sup></u></b>	<b><u>Overlapping Debt</u></b>
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt	\$10,490,000	6.90%	\$723,810
<b>Other debt</b>			
Cobb County Revenue Anticipation Certificates	6,070,000	6.90%	418,830
Cobb County Parking Deck Certificates	8,850,000	6.90%	610,650
Cobb-Marietta Coliseum and Exhibit Hall	91,330,000	6.90%	6,301,770
Stadium Construction Bonds	376,600,000	6.90%	25,985,400
South Cobb Redevelopment Authority	9,630,000	6.90%	664,470
Subtotal, overlapping debt			34,704,930
<b>City of Smyrna direct debt</b>			<b><u>43,074,599</u></b>
<b>Total direct and overlapping debt</b>			<b><u><u>\$77,779,529</u></u></b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment.  
Debt outstanding data provided by each governmental unit.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of The City of Smyrna. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**City of Smyrna, Georgia**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 191,302,847	\$ 207,499,728	\$ 216,162,269	\$ 215,499,104	\$ 197,932,801	\$ 185,994,621	\$ 176,585,524	\$ 174,503,814	\$ 183,707,581	\$ 202,819,411
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$191,302,847	\$207,499,728	\$216,162,269	\$215,499,104	\$197,932,801	\$185,994,621	\$176,585,524	\$174,503,814	\$183,707,581	\$202,819,411
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Legal Debt Margin Calculation for Fiscal Year 2016</b>										
Assessed value										1,906,457,302
Add back exempt real property										121,736,809
Total assessed value										\$2,028,194,111
Debt limit (10% of total assessed value)										202,819,411
Debt applicable to limit:										-
General obligation bonds										-
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										-
Legal debt margin										202,819,411

**Notes:** Under state finance law, The City of Smyrna's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**City of Smyrna, Georgia**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>1</sup></b>	<b>School Enrollment</b>	<b>Unemployment Rate<sup>3</sup></b>
2007	47,643	1,316,709,591	27,637	33	107,274	4.10%
2008	48,632	1,473,646,864	30,302	34	106,425	5.10%
2009	49,854	1,767,673,278	35,457	34	106,675	11.30%
2010	50,712	1,798,095,384	35,457	34	107,245	9.90%
2011	51,271	1,823,914,554	35,574	33	106,719	9.70%
2012	51,271	1,868,007,614	36,434	34	106,849	9.30%
2013	51,271	1,910,357,460	37,260	34	108,262	7.90%
2014	52,650	1,907,562,150	36,231	34	109,760	7.60%
2015	54,490	2,022,014,920	37,108	34	111,460	4.80%
2016	56,146	2,124,789,224	37,844	36	112,708	4.30%

**Data sources**

<sup>1</sup>Atlanta Regional Commission (U.S. Census Bureau for 2010)

<sup>2</sup>Georgia State Department of Industry and Trade (U.S. Census Bureau for 2010)

<sup>3</sup>Georgia Department of Labor

**Note:** School enrollment provided by The Cobb County Board of Education.



**City of Smyrna, Georgia  
Principal Employers,  
Current Year and Nine Years Ago (Unaudited)**

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
United Distributors	785	1	2.41%	550	2	1.99%
IBM	775	2	2.38%	566	1	2.05%
GLOCK	519	3	1.59%			
Ridgeview Institute	480	4	1.47%	440	4	1.59%
City of Smyrna	425	5	1.30%	440	5	1.59%
S. P. Richards	423	6	1.30%	423	6	1.53%
UCB	400	7	1.23%	250	7	0.90%
Bake One/ Atlanta Bread Company	260	8	0.80%			
National Envelope	245	9	0.75%	200	9	0.72%
Archdiocese of Atlanta	210	10	0.64%			
Smyrna Hospital				499	3	1.81%
Publix				210	8	0.76%
Wade Ford				140	10	0.51%
Total	<u>4,522</u>		<u>13.86%</u>	<u>3,718</u>		<u>13.45%</u>

**Source:** Community Development

For 2016, total city employment total of 32,626 used to calc percentages.

**City of Smyrna, Georgia**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years (Unaudited)**

**Full-time-Equivalent Employees as of June 30,**

**Function/Program**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Governing Body	9	9	9	9	9	9	9	9	9	9
Chief Executive (Mgr. Or Admin.)	7	7	7	5	5	5	6	6	7	7
Data Processing / MIS	3	3	3	3	3	3	4	4	4	4
Recorder's Court	8	8	8	7	7	7	6	6	6	6
Financial Administration	9	9	8	7	6	6	6	6	7	5
General Govt. Bldgs. & Plant	13	13	10	6	6	6	6	6	4	3
Water Administration	8	8	8	7	7	7	4	4	3	4
Human Resources	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police Administration	126	126	126	119	101	101	95	102	94	100
Jail Operations	-	-	-	-	19	19	21	21	21	22
Fire Administration	63	66	66	66	72	72	70	72	72	68
Fire Prevention	5	5	5	4	4	3	3	3	4	4
Fire Training	3	3	3	3	3	3	2	3	3	3
E-911 Communications	17	18	18	18	18	18	18	18	18	14
Emergency Management	1	1	1	1	1	1	1	1	1	1
Community Services										
Public Information	2	2	2	2	2	2	2	2	2	2
Public Education	3	3	3	3	3	3	3	3	3	3
Culture/Recreation Administration	10	8	11	10	11	11	11	10	10	6
Participant Recreation	2	2	3	1	1	1	1	3	3	1
Recreation Center	3	3	3	4	4	4	4	3	3	4
Parks Areas	21	21	18	-	-	-	-	-	-	-
Library Administration	9	9	8	8	8	8	7	8	8	7
Protective Insp. Administration	13	14	14	11	13	13	13	14	14	14
Public Works										
Highways & Streets Admin.	28	28	28	29	29	29	28	29	29	28
Traffic Engineering	3	3	3	3	2	2	2	2	3	3
Sanitary Administration	31	31	31	21	21	21	20	21	23	19
Distribution (Water)	19	19	21	21	20	20	21	23	24	20
Recyclables Collection	7	7	7	5	5	5	5	5	5	6
Maintenance & Shop	8	8	8	7	7	7	7	7	7	7
<b>Total</b>	<b>435</b>	<b>438</b>	<b>436</b>	<b>384</b>	<b>391</b>	<b>390</b>	<b>379</b>	<b>395</b>	<b>391</b>	<b>374</b>

**Source:** City of Smyrna Budget Office.

January 2007 The City of Smyrna added an in house recycling program.

July 2010 The City of Smyrna divided Jail from Police Administration.

**City of Smyrna, Georgia**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years (Unaudited)**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Public Works:										
Street resurfacing (feet)	100,525	123,382	-	-	-	52,656	39,475	59,097	71,824	50,475
Potholes misc. repairs	51	26	77	32	101	115	54	113	163	109
Drainage Creek	15	3	15	19	30	7	27	32	94	78
Fire protection:										
Number of calls answered	4,800	4,722	4,862	4,784	5,032	4,877	5,038	5,325	5,706	6,086
Police protection:										
Number of citations written	21,532	21,732	22,000	19,646	18,668	18,725	18,104	21,597	15,294	21,569
Number of automobile accidents	2,865	2,314	1,817	1,865	1,858	1,917	2,413	2,676	2,544	2,831
Number of reported crimes	2,793	2,518	2,544	1,793	1,778	1,508	2,055	1,931	1,678	2,237
Water system:										
Water mains breaks	22	23	21	9	28	17	21	22	27	23
Install water meter	39	87	27	15	45	108	82	83	165	201
Sewerage system:										
Sewer backup	285	166	269	45	40	191	228	194	195	180
Sanitation										
Large items pick up	981	845	973	369	1,101	965	1,006	1,070	1,263	1,220
Recreation and culture:										
Community Center bookings	2,299	2,321	1,850	2,248	1,838	770	892	1,147	1,220	1,046
Visitors to the Center	250,224	254,750	250,000	272,000	277,400	309,870	285,000	300,000	300,000	300,000
Senior Aquatic Center classes	1,367	1,310	1,367	1,339	1,230	1,150	1,192	1,231	1,352	1,352
Library										
Attendance	253,330	267,558	268,746	271,050	248,383	261,993	235,666	239,516	204,277	202,754
Circulation	203,880	210,323	217,523	232,116	220,652	229,068	216,810	243,502	261,411	277,144

**Sources:** Various city departments, data not available for all years.

**City of Smyrna, Georgia**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years (Unaudited)**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Public Works:										
Miles of streets	176	176	176	176	176	176	223	225	225	232
Number of traffic lights	60	60	693	693	693	693	699	699	699	690
Number of street lights:	3,972	3,972	3,972	3,972	3,972	3,972	3,972	328	328	328
Fire protection:										
Number of stations	4	4	4	4	4	4	5	5	5	5
Number of fire fighters and officers	73	76	76	72	72	72	80	80	80	81
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	97	94	94	94	92	88	87	90	87	90
Water system:										
Average monthly number of consumers	14,067	14,344	14,110	13,500	13,486	13,606	14,500	14,417	14,417	14,956
Average daily consumption in gallons	5,200,000	3,356,000	4,168,000	3,700,000	3,791,000	3,779,000	3,897,000	3,721,000	3,540,000	3,752,000
Miles of water mains	241	241	241	241	241	241	241	241	241	178
Sewerage system:										
Miles of sanitary sewers	138	138	138	138	138	138	179	181	181	185
Miles of storm sewers	80	80	80	80	80	80	142	147	147	151
Building permits issued	590	118	159	483	686	886	1,041	754	741	832
Recreation and culture:										
Number of parks	29	29	29	27	27	27	27	27	27	27
Park acreage	263	265	325	325	327	327	327	327	327	327
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of items	109,933	110,433	111,816	109,183	112,647	111,607	93,246	90,972	92,703	91,726

**Sources:** Various city departments.

## **COMPLIANCE SECTION**

**CITY OF SMYRNA, GEORGIA**  
**CAR RENTAL TAX**  
**SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 123,877</u>	<u>\$ 123,877</u>	<u>100%</u>

\* Funds were transferred to the Hotel/Motel Special Revenue fund and were expended in Hotel/Motel Fund

**CITY OF SMYRNA, GEORGIA**  
**HOTEL/MOTEL TAX**  
**SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Revenues</u>	<u>Expenditures *</u>	<u>Percentage Expended</u>
<u>\$ 1,388,289</u>	<u>\$ 824,273</u>	<u>59%</u>

\* Expended in Hotel/Motel Special Revenue Fund

**CITY OF SMYRNA, GEORGIA**  
**1 PERCENT SALES TAX**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX**  
**PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2006 SPLOST Program:						
Transportation Projects	\$ 43,400,391	\$ 42,809,993	\$ 41,522,749	\$ 1,287,244	\$ 42,809,993	100%
800 MHz Radios	850,067	796,794	796,794	-	796,794	100%
Total	\$ 44,250,458	\$ 43,606,787	\$ 42,319,543	\$ 1,287,244	\$ 43,606,787	
2012 SPLOST Program:						
Transportation Projects	\$ 29,229,814	\$ 35,908,520	\$ 22,907,606	\$ 9,348,240	\$ 32,255,846	90%
Park Projects	2,137,000	2,183,994	1,723,516	382,702	2,106,218	96%
Public Safety Projects	1,527,000	2,376,900	1,596,561	749,816	2,346,377	99%
Keep Smyrna Beautiful Projects	1,040,504	2,012,303	1,995,554	16,749	2,012,303	100%
Total	\$ 33,934,318	\$ 42,481,717	\$ 28,223,237	\$ 10,497,507	\$ 38,720,744	
2016 SPLOST Program:						
Transportation Projects	\$ 44,773,203	\$ 44,773,203	\$ -	\$ 1,532,583	\$ 1,532,583	3%
Parks Projects	3,890,000	3,890,000	-	36,720	36,720	1%
Public Safety Projects	4,110,000	4,110,000	-	1,850,527	1,850,527	45%
	\$ 52,773,203	\$ 52,773,203	\$ -	\$ 3,419,830	\$ 3,419,830	
Debt Service Expenditures			-	150,000	150,000	
			\$ -	\$ 3,569,830	\$ 3,569,830	





## NICHOLS, CAULEY & ASSOCIATES, LLC

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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable A. Max Bacon, Mayor  
Members of the City Council  
City of Smyrna  
Smyrna, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Smyrna, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Smyrna, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Smyrna, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Smyrna, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Smyrna, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richels, Cauley + Associates, LLC*

Kennesaw, Georgia

December 20, 2016